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6 SEPTEMBER 1986

## **Southeast Asia Report**



**FOREIGN BROADCAST INFORMATION SERVICE**

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6 SEPTEMBER 1986

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## MON REBEL FACTIONS TO MERGE AGAIN

Bangkok THE NATION in English 4 Aug 86 p 2

[Article by Pratya Sawetvimon]

[Text]

TWO major factions of Mon rebel group, one of the leading minority forces fighting for independence from Rangoon, last month agreed to join hands again to consolidate their separatist movement, sources said.

Informed sources told *The Nation* that Nai Nonla and Nai Shwe Kyin, both claiming to be leader of the New Mon State Party (NMSP), in a direct meeting held on July 13 agreed to rejoin their Mon rebel groups after they had parted for almost five years.

The NMSP is an administrative body of the Mon National Liberation Army (MNLA), the Mon ethnic rebel force which have been fighting for independence from the Burmese central government since Burma attained its freedom from Great Britain in 1947.

However, according to the sources, both leaders of the Mon ethnic rebels will discuss the implementation of the plan to rejoin the two groups in another meeting which will also be held to draft a formal agreement.

Nai Shwe Kyin's and Nai Nonla's groups halted their joint struggle against the Rangoon's forces since a conflict between the two Mon ethnic leaders broke out in 1981. The two leaders will also sign the agreement in the next meeting, said the

sources.

They said the last meeting was also attended by Pagu Man, leader of another small faction in the Mon rebel group, who has about 100 Mon guerrillas under his command. The sources said Nai Nonla's group, with about 3,000 Mon ethnic fighters, is the strongest faction in the rebel movement while Nai Shwe Kyin has about 200 guerrillas.

According to the sources, in an attempt to solve the movement's internal problem, both leaders had held indirect talks through mediators several times before their first direct talks on January 1 of this year.

The sources said Nai Nonla seems to gain more support from the Mon ethnic people in Burma and other countries than Nai Shwe Kyin who is the founder of the Mon freedom movement. The Mon ethnic people in Burma total about 4 million.

The ethnic group has been claiming the five provinces of Pegu, Thaton, Moulmein, Tavoy and Mergui in southern Burma and continuing their struggle against Rangoon for almost 40 years.

An NMSP official loyal to Nai Nonla claimed that the rift between Nai Nonla and Nai Shwe Kyin originated from the NMSP general meeting in 1981 when 100 members of the NMSP committee discussed certain problems of the movement.

INDEPENDENCE SEEKERS VISIT FIJI

Suva THE FIJI TIMES in English 7 Aug 86 p 8

[Text]

Tahitian freedom fighters have arrived in Suva to canvas support from Pacific Island leaders to win independence from France immediately.

The leader of the team from the Polynesian Liberation Front, Mr James Salmon, spoke yesterday at the peace conference in Suva organised by the Fiji Anti-Nuclear Group.

Mr Salmon outlined his country's fight against French colonialism in French and his speech was translated in English by his team member, Mrs Tea Hirschon Teinauri.

"We are here primarily to get support for our struggle for independence and so far the response has been very good," Mr Salmon, a member of the French Territorial

Assembly, later told The Fiji Times.

He said France was pouring in settlers from France and New Caledonia to Tahiti to try to subdue the Polynesians in Tahiti.

"It is a typical French tactic which they used successfully in New Caledonia — pour in your own men as new settlers so that you have a control over the country," Mr Salmon said.

He said the people of Tahiti had no say in the number of immigrants pouring into their country.

"The French government is also involved in spreading propaganda that the people of Tahiti are happy with the present arrangement," Mr Salmon said.

/12828

CSO: 4200/1332

ENVOY PROTESTS SCHEDULED UN HEARING ON TIMOR

Jakarta ANTARA NEWS BULLETIN in English 5 Aug 86 p A2

[Text] New York (United Nations), 4 Aug (ANTARA)—Indonesia has sharply rebuked the United Nations "decolonization" committee for scheduling hearings on the situation in East Timor during its current session here.

In a letter released Monday, Indonesian Ambassador to the UN, Ali Alatas, told the committee that any discussion on East Timor "is inappropriate and would constitute interference in matters which are essentially within the domestic jurisdiction of a sovereign member state," APF reported.

Alatas expressed also "strong opposition" to the participation of 16 petitioners who intend to raise the situation in the island before the committee.

The issue of East Timor is still technically on the UN agenda, although it has been discreetly buried by the UN General Assembly for the past three years.

Already Completed

UPI reported as the UN "decolonization" committee opened its annual debate, Alatas told the committee's chairman in a letter that "decolonization of East Timor has been carried out in conformity with the provisions of the charter of the United Nations...thus terminating the colonial status of the former territory."

"Consequently, the integration of East Timor into the Republic of Indonesia was formalized on 17 July 1976 as its 27th province with equal rights and obligations as the other provinces," Alatas said.

"Any granting of a hearing to any petitioner before the committee would serve no useful purpose whatsoever," the Ambassador explained.

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CSO: 4200/1323

**INDONESIAN PLYWOOD DOMINATES JAPANESE MARKET**

Jakarta ANTARA NEWS BULLETIN in English 6 Aug 86 p A7

[Text] Jakarta, 6 Aug (ANTARA)—Indonesian plywood occupied 93 percent of Japan's total import of plywood in 1985, and this dominance continued in the first five months of 1986, the Japanese embassy announced here.

The share of the Indonesian plywood in the Japanese import for the January-May 1986 period is 95 per cent, according to the Import Statistics of Japan on customs clearance basis.

In that period Japan imported 26,714 thousands square meters of Indonesian plywood which was about twice as much as the volume of the corresponding period in 1985 when it was 13,692 thousands square meters.

Japan also imported plywood from Malaysia, South Korea, Canada and the United States.

According to the statistics, the Indonesian plywood imported to Japan in 1985 was valued at US\$49,805,000 and in the first five months of 1986 at US\$33,381,000.

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C/O: 4200/1323



BORDER MEETING WITH PNG SAID TO YIELD POSITIVE RESULTS

Jakarta ANTARA NEWS BULLETIN in English 6 Aug 86 p A9

[Text] Jayapura, 7 Aug (ANTARA)--The Indonesian-Papua New Guinea (PNG) border meeting which took place at Popondeta City, Oro Province, PNG, from 21 July through 2 August, 1986, has reached positive results in the framework of closer cooperation between the two countries, mainly on the problem of border and border crossings.

The Indonesian delegation to the meeting was led by Assistant to the governor of Irian Jaya, F. K. T. Poana, assisted by a nine-member liaison team from Jayapura and Merauke, while the ten-member PNG delegation was led by the assistant secretary for international agreement affairs of the PNG foreign office, Wilson S. Ephraim.

The Indonesian delegation returned home Wednesday morning by special plane from PNG and the Indonesian delegation's secretary, F. X. Suryanto Sri Wardoyo, said to ANTARA that formulation of the meeting's results would be held this week by representatives of the two countries.

The border meeting had discussed various border problems as well as prepared the material for the coming joint border committee session in September this year in Bandung.

He was of the view that the border meeting took place in an atmosphere of friendship. The leader of the PNG delegation, Wilson S. Ephraim was onetime counsellor at the PNG embassy in Jakarta and speaks very fluently Indonesian, he said.

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CSO: 4200/1323

SOUTH KALIMANTAN CAN RESETTLE 25,000 TRANSMIGRANT FAMILIES

Jakarta ANTARA NEWS BULLETIN in English 6 Aug 86 p A9

[Text] Banjarmasin, 6 Aug (ANTARA)--South Kalimantan is at present still capable of absorbing 25,000 transmigrant families, although the available land is situated far from population centers.

This absorptive capacity was obtained through a joint feasibility study carried out by the Ministry of Transmigration and the South Kalimantan administration on an area of some 37,000 square kilometers lying on the northern part of the province, bordering East and Central Kalimantan, East Kalimantan's transmigration office chief, Djono said to ANTARA Tuesday.

So far South Kalimantan has received transmigrants from Java, Bali, Madura, Nusa Tenggara and local inhabitants for resettlement, reaching a total of 45,000 families. This number has now increased to some 200,000 people or about ten per cent of the number of original inhabitants, Djono said.

During the last eight months South Kalimantan has received about 4,000 transmigrant families and is still expecting to receive 724 families who will arrive within several weeks, while the resettlement program for the 1986-1987 fiscal year is projected to reach 2,200 families, Djono said.

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CSO: 4200/1323

BUYUNG NASUTION REJECTS BAR ASSOCIATION FINDING

Jakarta ANTARA NEWS BULLETIN in English 10 Aug 86 p A5

[Text] Jakarta, 9 Aug (ANTARA)--The team of lawyers in defense of Buyung Nasution SH, Yap Thiam Hien, Luhut MP Pangaribuan SH and Has Achmad Santosa, SH, Saturday morning presented a memorandum of appeal to the board of honour of the Indonesian Lawyers Association (Ikadin).

The defenders stated there was no proof of the accusation which said that Buyung violated the Lawyers' Code of Ethics, therefore he should be freed from all accusations.

It was not right for the Jakarta Ikadin to have directly handed the case to Ikadin Council of Honour without consultation with the accused and without questioning him.

The case was handed in the Ikadin Council of Honour on the basis of reports by the mass media, of newspaper clippings and Buyung picture in a newspaper when the incident at the court took place, a report from the head of the council of judges Soedijono to the head of the Supreme Court and the administrative decision of the Central Jakarta court.

"As if all the evidences were an authentic proof that could not be contested," the team of defenders said in the letter.

They were of the opinion that the handing over of the case to Ikadin Council of Honour was not a proper action since it was not mentioned the kind of violation made by Buyung.

Ikadin Council of Honour on 21 July stated Buyung Nasution was guilty of violating Ikadin code of ethics.

The council also took a harsh measure against Buyung, giving him a harsh warning.

The Jakarta Ikadin had filed an appeal for the decision, saying the council's decision failed to include legal considerations to the matter.

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CSO: 4200/1323

TRANS-SULAWESI MICROWAVE NETWORK CONSTRUCTION TO START SOON

Jakarta ANTARA NEWS BULLETIN in English 10 Aug 86 p A3

[Text] Jakarta, 9 Aug (ANTARA)--Indonesia and Japan will soon begin to build a Trans Sulawesi microwave network worth 246 million of Japanese Yen and Rp756 million.

The Director General for Post and Telecommunication Ir. S. Abdulrachman Saturday signed the cooperation document for the one-year project, in which a Japanese consultant firm, NTC, and an Indonesian counterpart are involved.

The project is financed by a soft loan from the government of Japan. NTC will have a share of 75 MM and the Indonesian consultant firm 92MM.

When the project is completed, it is hoped that in a few years to come North, Central and South Sulawesi will be able to have a direct communication through the microwave network.

On the occasion he also signed a contract for a construction work at telecommunication projects in remote areas in Sumatra, Java, Kalimantan, Sulawesi, Bali, and West Nusa Tenggara.

The project involves two Japanese companies, PT INTI and another Indonesian company.

The two-year project will cost Rp5.7 billion and 8.4 billion of Japanese Yen, which is a soft loan from the government of Japan.

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CSO: 4200/1323

ESTIMATED COAL DEPOSITS, PRODUCTION

Jakarta ANTARA NEWS BULLETIN in English 1 Aug 86 pp A1, A2

[Text] Jakarta, 1 Aug (ANTARA)--Indonesia is estimated to have 23 billion tons of coal deposits, including 18 billion tons of young coal and 1.5 tons of proven deposits.

This was disclosed by Johannas, an expert staff member of the Coal Directorate, the Department of Mines and Energy, at a discussion on the occasion of the end of the seventh year of existence of the University of Indonesia's Centre for Human Resources and Environmental Research here Thursday.

He further disclosed that the proven deposits were sufficient to meet Indonesia's coal demands for the next 50 years.

The coal demand would at the end of 1988 stand at 5.343 million tons, and 12.753 million tons by the end of 1993.

The demand is from the country's steam electric power generation plants and cement factories (3.140 million tons).

President Director of PT. Tambang Baturbara (coal mining company) in Bukit Asam, South Sumatera, Husni, meanwhile, said Indonesia's 1984 coal output stood at 1.404 million tons, consisting of 501,000 tons from the Air Laya mine in Bukit Asam, 580,000 tons from Ombilin, and 323,000 tons from Kalimantan.

In 1985, the output reached 1,720,000 tons, coming from Air Laya (600,000 tons), Ombilin (770,000 tons), and Kalimantan (350,000 tons).

He further disclosed that the Air Laya mine was estimated to produce some 3 million tons of coal in 1988, and more than 5 million tons in 1990.

Husni, in the meantime, said the Air Laya coal mine has been proven to hold some 111 million tons of coal, sufficient to light 20 million bulbs for more than 30 years without interruption.

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CSO: 4200/1324

COAL SUPPLY TO KUPANG CEMENT PLANT RESUMED

Jakarta ANTARA NEWS BULLETIN in English 1 Aug 86 p A7

[Text] Jakarta, 1 Aug (ANTARA)—Coal supply from the Bukit Asam coal mine in South Sumatera to East Nusatenggara to meet the need of the Kupang cement plant in Kupang for fuel remains continued.

President Director of PT. Tambang Batubara Bukit Asam H. M. Husni disclosed in Tanjung Enim, Wednesday, that the procurement of coal stock in the Kertapati coal terminal near Palembang to guarantee the supply of fuel the Kupang cement plant had so far been running smoothly.

The sending of coal to Kupang was unsmooth recently because the Kupang cement plant did not send vessels to South Sumatera to carry coal from Kertapati, according [to] Husni.

PT. Tambang Batubara Bukit Asam is responsible only for the procurement of coal stock at the Kertapati terminal, while the provision of barges for the transport of coal to Kupang is entrusted to the Kupang cement plant, he explained.

The Kupang cement plant is not the only consumer of coal from PT. Tambang Batubara Bukit Asam, Husni said. He admitted, however, that once the stock at Kertapati was depleted when a vessel belonging to the cement plant arrived.

The need of the Kupang cement plant for coal averages around 2,000 tons/month; therefore, the plant possibly faces difficulties in transporting the coal from the Kertapati terminal, he said.

The transport cost is higher if the plant uses a small barge, but the volume of the coal shipped is too small if a big barge is used, he pointed out.

Concerning the quality of coal, he explained that the result of a test showed coal from Bukit Asam was suitable for fueling cement plants.

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CSO: 4200/1323



## BRIEFS

**K. H. WAHIB WAHAB DIES**--Jakarta, 13 Jul (ANTARA)--K. H. Wahib Wahab (68), a member of Parliament (DPR) and former religious affairs minister in 1950's, passed away at the Jakarta Islamic hospital here Saturday night. Wahib Wahab was son of K. H. Wahab Hasbullah, one of the founders of Nahdlatul Ulama (NU-Islamic organization). He was elected as a member of Parliament from the Golkar (Functional) faction in 1982 representing Kediri regency, East Java. [Excerpts] [Jakarta ANTARA NEWS BULLETIN in English 14 Jul 86 p A3] /9274

**I. J. KASIMO DIES**--Jakarta, 1 Aug (ANTARA)--Ignatius Joseph Kasimo (86), founder and former general chairman of the Catholic Party, passed away here Friday. I. J. Kasimo, born in Yogyakarta 10 April, 1900, was once a member of the Dutch made Parliament (Volksraad) in 1931, a junior minister for welfare affairs in 1947 and concurrently minister for food supply in 1948. He was member of DPA (Supreme Advisory Council) in 1960 and 1968 and joined the Corruption Control Team formed by President Soeharto in 1967. [Excerpts] [Jakarta ANTARA NEWS BULLETIN in English 1 Aug 86 p A8] /9274

**DR PANGLAYKIM DIES**--Jakarta, 3 Aug (ANTARA)--Prof Dr Jusuf Panglaykim, a member of CSIS (Centre for Strategic and International Studies)'s Board of Directors, died of heart attack at Sumber Waras Hospital here Friday evening. Born on March 24, 1922, Panglaykim or Jusuf Pangestu was survived by a wife and three children. The economist was a graduate of the Faculty of Economics and Administration of Universitas Indonesia (UI) in 1956 and Harvard University, U.S.A., in 1957. His latest positions were a professor at the Airlangga University (Surabaya) and Parahyangan University (Bandung), lecturer at the Faculty of Politics and Social Sciences of UI, chairman of the Prasetya Mulya Institute of Management's development board and a member of the CSIS's Board of Directors. [Excerpts] [Jakarta ANTARA NEWS BULLETIN in English 3 Aug 86 pp A2, A3] /9274

**BULOG RICE STOCK**--The procurement of rice/unhusked rice for national food stock by the Logistics Board (Bulog) from January to August 4, 1986, reached 1,378,330.20 tons of rice equivalence, consisting of 1,378,330.19 tons from Java and 346,715.01 tons from various areas outside Java. The biggest supplier of rice in Java during that period was East Java, which shared around 467,663.32 tons of the stock, followed by West Java 319,232.37 tons and Central Java 231,535.15 tons. Outside Java, the biggest rice supply during that period came from South Sulawesi, which reached 134,535.15 tons. The second biggest supplier was West Nusa Tenggara, which shared 74,088 tons of the stock, followed by Bali, which provided 45,083.50 tons. The procurement of rice/unhusked rice by Bulog was carried out through village unit cooperatives (KUDs), non-KUD bodies and task forces. The supply of rice stock by KUDs, non-KUD bodies and task forces during that period respectively reached 450,531.25 tons, 139,969.43 tons and 4,816.44 tons. [Text] [Jakarta BUSINESS NEWS in English 8 Aug 86 p 7] /9274



## DIRECTORS' ACCOUNTS FROZEN IN INVESTIGATION

## Directors Submit Travel Documents

BK130952 Kuala Lumpur Domestic Service in Malay 1230 GMT 12 Aug 86

[Text] At least 19 directors of 23 depository cooperatives under investigation by Bank Negara [National Bank] have been submitting their passports and travel documents to the Immigration Department. A spokesman of the department disclosed that eight directors were from Koperasi Bersatu Berhad, five from Koperasi Rakyat Berhad, four from Koperasi Rakyat Bersatu Berhad, and two from Malaysian Leasing and Credit Multipurpose Cooperatives Limited. They submitted their passports and travel documents yesterday [11 August].

Last week, the government listed 136 directors and senior officers from 23 depository cooperatives for investigation under the Essential Protection of Depositors Regulations 1986.

The governor of Bank Negara, Datuk Jaafar Hussein, has ordered frozen accounts belonging to those directors and cooperatives. Under the regulation, all cooperatives and those involved in their management are required to stop all business activities, which includes the freezing of accounts and assets belonging to their directors and cooperatives. Apart from that, all those concerned are required to submit their passports and travel documents to the director general of immigration on or before this Friday [15 August].

## Freeze on Some Accounts Lifted

BK131721 Kuala Lumpur Domestic Service in Malay 1230 GMT 13 Aug 86

[Excerpts] Bank Negara [National Bank] today [13 August] lifted the freeze on the accounts of another 19 directors of cooperatives being investigated by the bank under the Essential Protection of Depositors Regulations 1986. Yesterday, Bank Negara announced the lift on the accounts of 64 directors of several cooperatives.

Bank Negara in a statement this evening said the freeze on the accounts of the 23 cooperatives under investigation is continuing. However, the bank has decided to lift the freeze on the accounts of selected cooperatives for payment of essential services. These cooperatives will be informed as soon as possible.

Meanwhile, another 13 directors and senior officers from five cooperatives still under investigation by Bank Negara had submitted their passports and travel documents to the Immigration Department today. They are among the first group of 136 directors and senior officers from 23 cooperatives currently under investigation by Bank Negara. A spokesman of the Immigration Department disclosed that to date, a total of 32 directors and senior officers from the cooperatives concerned had submitted their passports and travel documents to the department.

Some 19 directors and senior officers from four cooperatives submitted their passports and travel documents to the Immigration Department yesterday [12 August].

/8309

CSO: 4213/183

## REPORTAGE ON FEATURES IN NATIONAL BUDGET

## Gearing For 1 Oct 86 Reforms

Wellington THE EVENING POST in English 1 Aug 86 p 1

[Article by Michael Hannah]

[Text] Smokers and motorists took the immediate impact of last night's Budget—but the real bite will come in October when a jigsaw of radical tax reforms falls into shape.

Just when individual taxpayers get tax cuts, and pay gst, businesses will see tax loopholes closed under a tough new tax regime that could change investment patterns.

For all the vast numbers involved in the Government's decision to take on the Think Big and producer board debts — \$7.2 billion in the current year — this major element of Finance Minister Roger Douglas's third Budget will have little immediate impact on New Zealanders' lives.

The exception will be in how the world views the huge debt costs — and that will be seen in the path the New Zealand dollar takes on foreign exchange market over the next few days as overseas markets and investors absorb the Budget details. Last night the London market quoted the NZ dollar at 52 cents against the US dollar — a firming from 50-51 cents earlier.

## Signposts

The Budget was a business-like affair carrying few clear signposts for ordinary New Zealanders without a training in accountancy or economics.

Petrol became six cents a litre cheaper, the price of diesel was cut four cents a litre, and a packet of cigarettes shot up an amazing 70c.

Even the promised cuts in State spending failed to materialise, lifting the threat on public servants' jobs, at least in the meanwhile, though a 3 percent trimming of State pay adjustment was promised.

And national superannuitants on higher incomes saw some light relief from the supertax imposed in Mr Douglas's first Budget in 1984, with a cut in the tax rate from 25 percent to 18 percent.

## Attraction

The refinancing by the Government of the massive Think Big and producer board debts was the star attraction in a deceptively bland Budget.

But the impact of the tough tax laws promised for business could not be overlooked.

Mr Douglas struck a defiant pose against the protests of exporters wanting to see the dollar managed by the Government.

## Inflation

He justified the float of the dollar, saying it allowed adjustments to world trends, removed the risk from the taxpayer in propping up unrealistic exchange rates, and helped develop more sophisticated financial markets.

Instead, he pointed to inflation as the bogeyman of the economy, arguing that it needed to be brought down as quickly as possible.

"Controlling inflation is one of the most urgent tasks, and is central to our programme," he told Parliament.

"We must have low inflation if New Zealand is to realise its potential."

Mr Douglas conceded that the price of getting inflation down from 17 percent a year ago to close to 10 percent had been higher interest rates and a strong exchange rate.

## Benefits

"But this is not an argument for living policies or trying to juggle with the exchange rate. Rather, it is an argument for bringing inflation down as quickly as possible in order to realise the social and economic benefits."

Mr Douglas devoted much of his speech to the "millstone of debt" caused by the investment in Think Big projects. The problem, he said, was not whether New Zealanders meet the cost, but how.

He maintained the Government had chosen the cheapest and fairest way of tackling the debt problem.

## Transfer

It would not add to New Zealand's total debt, as it simply transferred private sector debt to the public sector. It would have no impact on the money supply and therefore interest rates as most of the debt was in foreign currencies.

## Budget Highlights

Wellington THE EVENING POST in English 1 Aug 86 p 1

[Text]

**PETROL:** Down 6c a litre — from 82c (premium) and 79c (regular). Diesel down by 4c a litre. The cut will hold only until October, when gst will force prices up again to 84c (premium) and 63c (diesel).

**TOBACCO:** Sales tax on tobacco products to be raised adding about 70c to a packet of 20 cigarettes. Tax on each cigarette smoked up from 5c to 8c.

**CARS:** Expected to cost up to 5 percent more on October 1, when gst takes effect. Gst will raise the price of an average 1300cc sedan from \$18,640 to \$19,620, plus whatever the Japanese yen rises over the next two months.

**NATIONAL SUPER:** The surcharge to be cut from 25c to 18c in the dollar from October 1, dropping the maximum tax rate for most superannuitants affected by the surcharge to 48c in the dollar. Earning cut-off raised to \$30,000 a year before losing all their entitlement, instead of \$22,000.

**HOUSING:** Homestart, announced yesterday, in which low and middle income first home buyers will be offered 3 percent loans of between \$6000 and \$10,000, with nothing to pay for five years. Takes effect from October 1. Home ownership accounts stop.

**TAX EVASION, AVOIDANCE:** Tough new measures. Estimated to be costing the Government hundreds of millions of dollars a year.

**TAXATION:** First year depreciation allowances for manufacturing plant, and many other accelerated depreciation allowances end. Similar allowances for farming, fishing, and tourism will be cut in April 1988.

**DEFICIT:** Forecast to be \$2.432 billion (3 percent of forecast gdp) up from \$1.871 billion (4.1 percent of gdp). Much of the increase is due to \$400 million provided for a cash loan on the Synfuels plant.

**EXPENDITURE:** Net Government spending this year will be \$20.2 billion, up from \$17.8 billion last year. But changes such as gst, family support tax credits, and

Duration of welfare benefits make invalid a direct comparison of the two figures. An adjusted revenue figure would be \$19.5 billion for this financial year, up 10.8 percent on last year.

**REVENUE:** Total receipts forecast to be \$18.027 billion, up 14.1 percent on last year.

**WAGE ROUND:** Public service pay rates rose more rapidly than their counterparts in the private sector and public servants' annual general adjustment will be cut by 3 percent this year to compensate.

**THINK BIG:** \$7.2 billion restructuring of public debt for Think Big projects, producer boards, and other Government commitments. Includes New Zealand Steel (\$910 million), Petrocorp (\$800m), NZ Refining (\$2.05b), NZ Synthetic Fuels (\$1.85b), Meat Board (\$850m), Dairy Board (\$600m), Rural Bank (\$10m), Shipping Corporation (\$100m).

**DEFENCE:** Vote jumps 21 percent to \$1.059 billion this year, a third of the increase due to salary rises and the goods and services tax, with no reference to any new programmes.

**JUSTICE:** Spending will rise by \$82 million, with both the courts and the probation service spending an extra 40 percent.

**ENERGY:** Electricity Division expects to boost profit by almost 50 percent to \$331.9 million before it becomes the Electricity Corporation next year. It will also pay the Government \$80 million in taxes for the first time.

**EDUCATION:** New policies will cost \$10 million, compared with the \$20 million spent on new policies last year, but details will not be announced until later today. State and private schools cut back by \$3.8 million.

**RAILWAYS:** Soars 162 percent from \$90 million to \$235 million. The vote covers directors' fees and related expenses, and this year includes a \$105,000 salary for the new fulltime executive chairman.

#### Debts Being Taken Over

Wellington THE EVENING POST in English 1 Aug 86 p 6

[Text]

The Government's \$7.2 billion debt takeover plan is made up as follows:

- Motunui synthetic fuels plant - \$1.85 billion.
- Marsden Point refinery expansion - \$2.05 billion.
- New Zealand Steel development - \$940 million.
- Petrocorp - \$800 million.
- Shipping Corporation (major restructuring) - \$100 million.
- Reserve Bank (for the loss made on a \$750 million subordinated loan to the Dairy Board) - \$600 million.

- Reserve Bank (for potential write-down of meat income stabilisation account debt) - \$450 million.

The Governor of the Reserve Bank, Spencer Russell, said the debt takeover plan would have little effect on the domestic debt programme.

He said most of the \$7.2 billion would be provided for by new foreign borrowings.

The total external debt (\$14.7 billion at March 31) would also be unaltered by these actions, which he said were of a "book-keeping nature".

## Douglas on Deficit

Wellington THE EVENING POST (in English) 1 Aug 86 p 6

[Text]

Internationally-accepted measures showed the Government's financial deficit was still on a downward trend, Finance Minister, Roger Douglas, said last night.

The financial deficit as a percentage of gross domestic product was forecast this year to be one-tenth of that under the last National Government, once adjusted for cyclical factors and inflation, he said.

"That's even after meeting the cost of their crazy projects and subsidies," he said in a statement.

The deficit measure in the Budget had been the popular benchmark in recent years.

But it had limitations from both accounting and economic perspectives, Mr Douglas said.

For that reason the Government now published a series of tables calculated to IMF accounting conventions which assessed the cost of implementing public policy.

State trading activities were broadly excluded from that.

Mr Douglas said the series allowed a comparison of fiscal deficits for the non-trading part of the State Sector. Only net profit or net subsidy payments relating to State trading operations were included.

There were several factors to consider when interpreting whether a particular deficit was excessively high or not.

These included:

□ Cyclical effects. At times when economic activity was

weaker, tax revenues tended to be less and government expenditure higher. Over time, cyclical effects cancelled out and had no effect on the growth in public debt relative to gdp.

□ The impact of inflation. Inflation effectively acted as a tax. It acted to improve the Government's overall fiscal position by effectively reducing the real quantity of Government debt that was outstanding. In effect, inflation tended to slow the rate of growth in public debt relative to gdp.

□ The purpose for which the borrowing is undertaken.

When money was borrowed to fund consumption, the result was that the level of public debt grew faster than gdp.

That meant a greater proportion of tax paid had to be used paying off debt.

There had also been some confusion about the off-budget shifts of borrowing for new State corporations.

Some commentators had suggested the shifts were an attempt to hide the true extent of the public sector's borrowing requirements.

"I have been completely upfront about this all along. It would be naive to suggest that the financial markets would be fooled for even an instant by these changes.

"It also misses the point that moving to private sector borrowing by State corporations is a crucial part of the Government's policies for exposing its trading activities to real market pressure" - NZPA



Wellington THE EVENING POST in English 1 Aug 86 p 6

[Article by Alan Seay]

[Text]

By taking over the debts of the Marsden Point refinery and the other "Think Big" energy projects, the Government has signalled the start of a new era for the oil distribution industry and for the whole energy sector.

Until now the industry has been highly regulated: Caltex, Mobil, BP and Shell have been the only licensed wholesalers of petrol, and maximum and minimum retail prices have prevented price competition.

## Pointer

Now the Government has pointed the way to greater competition — and the consumers will be the ones to benefit.

In looking at deregulating the oil industry, the Government had the problem of what to do about the refinery, which until now has been recovering its debt servicing costs through refining fees, while enjoying protection from imported products.

Removing protection from the refinery, with its high debt of repayments, would simply have made it uncompetitive with other refineries in the Pacific and Middle East.

By lifting the loan repayment costs from refining charges, the Government has put the refinery in a much stronger position to turn out petroleum products at prices competitive with those of imported products.

## Sign

With the scene thus set for deregulating the retail end of the industry, the 6c petrol price cut and the 4c diesel price reduction announced last night could be a sign of things to come.

The Government sees greater competition between wholesalers and retailers in the oil industry as

the key to cheaper petrol, although people in areas away from the main centres may have to pay more.

The national standard price would disappear — as would many petrol retailers — as the industry rationalised itself in response to competition.

The shape and extent of deregulated oil distribution in New Zealand will depend on the outcome of current talks between the parties concerned.

For the Motunui synthetic fuel plant, even the Government's assumption of its \$1850 million debt cannot make it competitive while oil prices are plummeting.

While a long period of cheap oil

would obviously threaten the plant's future, it will probably still be worth operating as long as its product returns cover its costs.

Finance Minister Roger Douglas said in the Budget that the Government wanted to hold talks with Mobil to try to forge a fairer partnership in the plant, NZPA reported.

Mobil, he said, was guaranteed a return of more than 10 percent on its investment, the taxpayer would lose \$460 million this year.

## Petrocorp

The shouldering of Petrocorp's \$800 million debt also puts that organisation on a new financial footing in preparation for its establishment as a fully commercial enterprise.

Like Motunui, Petrocorp has been badly hit by falling oil prices, compounded by the fact that its two "Think Big" projects, the ammonia urea and chemical methanol plants were started with more debt than they could service at prevailing prices.

With the Government now holding a greater majority of the shares, and provided it is put on a sound financial basis, the hope is

that Petrocorp will be able to trade profitably.

Mr Douglas said that the yearly cost of paying off the debt — resulting from the previous Government's "excessive Budget deficits and major project investment" — was estimated at \$3.5 billion, NZPA reported.

## Effect

"If it weren't for the costs of servicing the resulting debts we could have cut the average rate of personal income tax by over 30 percent on October 1, 1986, and still had enough left over to reduce the fiscal deficit by a further \$900 million.

Although the debt restructuring on the "Think Big" energy projects will not itself immediately and directly affect consumers, it will at least create an environment in which a more commercial approach can be taken.

It will be an environment where market forces — and not Government directives — will largely decide the course of the this country's energy development.



## Business Praise, Rural Complaints

Wellington THE EVENING POST in English 1 Aug 86 p 3

[Text]

Business leaders praised the Budget; farmers complained that Government had failed to contain its own spending and employers warned of a tough year ahead.

Manufacturers Federation president Keith Tyrrell said the Government's business-as-usual Budget, without accelerated tariff cuts, would give industry the security needed to help rebuild confidence.

The Government also appeared to have recognised the need for substantial labour market reform but it evidently intended manufacturing exporters to "tough out" the strength of the dollar.

Chamber of Commerce spokesman Mr H T Matthews said it was not a Budget for business, but a Budget for national reconstruction.

The drive for further neutrality and fairness in the tax system and the cementing in of gst and new marginal tax provisions were commendable, as was Government's intention to improve its own efficiency.

Federated Farmers president

Peter Elworthy said expenditure had returned to an unsustainable 42 percent of gross domestic product — an all-time high.

The consumer would be hard-hit by higher Government charges.

Mr Elworthy said farmers were dismayed that high levels of import protection had not been removed. This, coupled with the failure to reduce the deficit, would mean the exchange rate would continue to be overvalued.

Employers Federation director general Jim Rowe said the next year would be hard for employers.

"Recession conditions have not been addressed and interest rates will still be a problem. For workers in the coming year there will be the relief of family support — for employers the prospects are lean."

Mr Rowe said the Budget made it impossible for employers to contemplate general wage increases of the levels now being floated.

Sydenham Government MP Jim Anderton said the Budget did not address important issues like capital gains, financial speculation, share and foreign exchange dealings and internal financial transactions.

However, he said there were clearly some good tax moves such as closing loopholes and the tax deductibility of interest on loans.

Asked if he was disappointed, Mr Anderton said he did not want to make what he called "value judgments" about the Budget.

## Tax Loophole Plugging Said Fair

Wellington THE EVENING POST in English 1 Aug 86 p 3

[Text]

The plugging of loopholes in the tax system goes some way to returning equity in the system, a tax expert said today.

Gerald Gibbard, national director of taxes for accountancy firm Arthur Young, said the Budget announcements were a significant move by the Government to cut tax avoidance which was legitimately available under the previous tax regime.

He said they would reduce choices for taxpayers to defer paying tax.

Amendments to special partnership regulations would remove the ability for taxpayers to offset losses from investment in limited risk ventures, Mr Gibbard said.

He said they were aimed mainly at big businesses, especially in the finance sector, and he hoped

the legislation to implement the new measures would be introduced quickly to reduce uncertainty in the business sector.

But public servant Jonathan Fletcher said the clampdown on spending in government departments was going to make his life

and job particularly difficult over the next few years.

Mr Fletcher, a civil engineer in the Ministry of Works and Development, said the changes introducing charging for services would have a dramatic effect.

Government departments would be spending less on capital works and maintenance and work would be so much harder to come by.

Mr Fletcher said last night's Budget was "a bit of a damp squib" as most of the interesting parts had already been released.

He was pleased with moves to tighten tax loopholes but still very

concerned that the forthcoming income tax cut-gst mix would aid the better off people rather than the lower paid.

Mr Fletcher said the suggestion the annual general wage adjustment would have to fall against private sector wages seemed to be a complete misunderstanding of the effect the wage freeze had on the public sector in relation to private sector wages.

Suggestions of labour market flexibility and freeing up "link omises," Mr Fletcher said.

## National Party: 'Miserable'

Wellington THE EVENING POST in English 1 Aug 86 p 8

[Text]

Opposition Leader Jim Bolger last night described the Budget as miserable and predicted that a massive deficit was looming.

It contained nothing for the ordinary person, he told reporters.

Concerns about unemployment had not been addressed while economic activity would continue to decline.

He said there were a "lot of fiddles" in the Budget tables.

Last year the Budget deficit figure was revised three times and increased by 45 percent from the Budget night figure to

its final outcome. "If it does that again we are looking at a figure of over \$4 billion," he said.

Mr Bolger said the document, while trying to blame problems on the previous National Government, had also tried to hide the real extent of crisis in the economy.

"The fine words about now confronting the issues are just a smokescreen."

Mr Bolger said moves to reduce the national super surcharge was an attempt by the Government "to try to regain their virginity and honesty." But the move had failed. — NZPA

## FOL: 'Nothing' For Workers

Wellington THE EVENING POST in English 1 Aug 86 p 8

[Text]

**Working people will find nothing to excite them in last night's Budget, says the Federation of Labour.**

The federation said last night that workers, particularly the low-paid and beneficiaries, could not afford to visit the doctor now.

"The Government should introduce a programme of State-salaried doctors available free of charge instead of continuing to pour money into private doctors' pockets.

"Workers also need more childcare facilities available urgently."

The federation claimed that State sector reorganisation moves would force workers to pay more for electricity, telephone, postal charges and other basic services.

The Budget was "more of the same obsession with market forces and deregulation," the federation said.

"The moves to block tax loopholes are good as far as they go but it is nowhere near enough. Business will still be contributing less than one-tenth of total taxation

"If the Government wants to make the tax system fairer then there must be taxes on assets and on capital gain."

The Employers' Federation said the Budget would do little to lift the strain off the private sector.

Federation director-general Jim Rowe forecast that the next 12 months would be a long hard road for employers.

"Recession conditions have not been addressed and interest rates will still be a problem," said Mr Rowe.

"I entirely agree with the Minister that the last wage round was higher than desirable and put pressure on employment.

"For workers in the coming year there will be the relief of family support — for employers the prospects are lean."

Federated Farmers' President Peter Elworthy said last night that the Budget was an admission of the government's failure to contain its own spending.

"In spite of [Mr Douglas's] earlier condemnation, the Government's expenditure has returned to an unsustainable 42 percent of gross domestic product — back to an all-time high."

Mr Elworthy said that farmers would be dismayed that the Government had failed to remove high levels of import protection.

National's finance spokesman, George Gair, said the Budget was a bit of a non-event and had predictably sought to find excuses for Rogernomics' blaming Think Big.

But he said the Government's analysis of those projects would not stand serious scrutiny.

The Budget contained nothing to help the recovery of growth or the export industries, he told reporters last night.

"In growth and in the export industries we find jobs, we find the chance to repair our seriously deteriorating overseas exchange position.

"The Budget is not going to help one little bit in that regard." — NZPA

Wellington THE EVENING POST in English 1 Aug 86 p 6

[News Analysis by Tony Garnier: "Whip cracks--No retreat: Straight on, says Douglas"]

[Text]

Roger Douglas dug a deeper trench last night.

The economic revolution he promised three years ago rolled mercilessly on.

But there was an attempt to soften the "tough" and pro-business images he had built up in his first two Budgets with a smattering of traditional Labour social equity rhetoric.

## Scope

With "good" and "vigorous" economic reform there is more scope for alleviating social strains and achieving greater equity, he slipped in at one point of his hour-long speech.

While in essence it was a businessman's Budget, public servants won't be happy once they grasp the implications behind the Government's commitment to "fundamental" overhaul of State-sector pay-fixing.

The gung-ho high-flying financiers of Featherston Street should have been delighted last night. Their market-led economy dream has now been set in concrete.

There can now be no going back. The economic and social reform "trench" Labour began digging the moment it came to power in July, 1984, gets deeper with every Roger Douglas Budget; and he promised it would soon reach bedrock.

Dotted through the Budget texts (in effect, his Budget comprises five documents totalling 550 pages) were promises to deregulate the labour market.

"New Zealand is no longer living in the past," he concluded in the text read to Parliament. "This Budget is about deeds, not promises, about clear commitment, not 'might's' and 'maybes'."

It was not a traditional Budget last night. There was little overt

attempt to raise revenue. Not even alcohol was touched, though tobacco was. But it was more the "social" aspect of smoking that he looked to be punishing, and not simply trying to get money into the Government's coffers.

There was little of direct interest to the farmer, the trade unionist, the home maker, the young person...

Their hip pocket was not touched.

## Analysis

But there was still a lot for them to ponder. It was more a state-of-the-nation styled Budget - where he believes this country should be going - than a statement just about revenue and expenditure.

And in that sense the business community will have gained confidence from last night's package.

Any uncertainty that the ballooning budget deficit of recent months might see a rethink, a pause of back-tracking to the restructuring process, can now be discarded.

The plain message of last night's package, all 550 pages of it, was aptly summed up in one sentence:

"[This Budget] is about 'business as usual' for the Labour team."

The political message was twofold.

Mr Douglas is getting his way; the Cabinet, it seems, is remaining strongly unified behind the thrust of Rogernomics, despite recent discordant notes.

"I said in my first Budget that comprehensive economic and social reform would be the hallmark of this Government. It is."

Is it? The Budget had all the trademarks of a finance minister getting his way. It was Roger's Budget. The economic reform is firmly on track. But what about the social reform? There was not much evidence last night, only hints.

Instead, the economic restructuring is getting tougher.

The public sector has had its sails trimmed.

The business sector has had tax loopholes closed.

And both, along with farmers and trade unionists, were urged to perform to higher standards and set new performance goals.

Mr Douglas delivered five "key messages," all rhetoric, but instructive nonetheless.

For example: "In the new environment people must decide where to put their energies and resources to get the best results. They can adjust and seize the opportunities, or devote their time to clinging to the past and risk missing out."

## Warning

Be warned, the "finger" of duty is pointing at you.

The pain of adjustment will continue, was another message: "Pressure to adjust, including some economic pain, is a necessary motivation to bring about change," he explained in the section detailing his management of the adjustment process.

You have to read it all to grasp the sense of determination and self-confidence with which Mr Douglas is going about his job.

Pressure groups will be wasting their time by "campaigning for the Government to reverse its policies or slow down the pace to reform rather than to undertake the adjustments," was another message.

## Exposure

The second big political message was the exposure of the full cost of repaying major projects, producer boards and other debts.

Mr Douglas said that on a conservative basis the fiscal results of the past decade amount to additional debts of \$20,700 million.

The decision to take over the Think Big and producer board debts had ballooned the Budget debt to \$7200 million.

It would not increase New Zealand's total indebtedness, he said. Rather, it will allow the bills to be paid and the organisations to then get on with running a market-led existence, free from Government control.

## Debt

The political debate over the Budget will centre on these claims, along with the argument over which of the five deficit figures offered is the "true" one.

The huge debt of Think Big is now transparently obvious. But there is an economic logic to the decision to reveal the figures.

At least the country now knows the extent of its indebtedness. So do overseas investors. Another hidden distortion has been exposed.

Mr Douglas has not disappointed. He has stayed "on course".

He continues to force a fast pace of change on the electorate.

Whether electorally brave or foolish, even if there is a change of Government next year, he has done too much too quickly for the next finance minister to have any chance of dismantling.

## Medal?

In one sense it was a gold medal winning Budget. Mr Douglas is probably right when he says that his programme of fiscal reform has been among the most comprehensive in the world in recent years.

But the contest is still "on" for the main award, the election next year.

He says he set out to transform New Zealand from one of the slowest performing economies of the advanced world to one of the highest. That is the aim. It isn't happening yet, many New Zealanders will agree.

## Editorial View

Wellington THE EVENING POST in English 1 Aug 86 p 4

[Editorial: "Budget gifts in short supply"]

AT FIRST SIGHT this is a budget for accountants and business managers to pore over.

Gifts or sweeteners are in short supply but if people are not affected directly by what the Budget proposes then most of us will be affected indirectly.

Large sections of the public will pick out temporarily cheaper petrol, and a new form of housing assistance for low and middle income first home buyers, although the latter was announced outside the Budget.

Wealthier national superannuitants receive 7c in the dollar reduction of the surcharge rate, though their resentment about the surcharge is likely to smoulder on.

Smokers will be reeling with the extra 70 cents tax on a packet of 20 cigarettes. They will not want to know about smokers in Europe having to pay much more. The price of cars will increase because the change in excise duty will not fully compensate for the goods and services tax.

Increased attention to closing tax loopholes will give general satisfaction. Carrying the tax burden will be more fairly shared as a result, at least until new loopholes are found. Smoothing the flow of provisional and terminal tax payments seems to be a sensible reform.

Everybody should realise that though not of this Budget, the new personal income tax tables coming into effect from October 1 should give them more money to spend or save. The latest Budget does not change those rates.

Laymen and financiers will see in the Budget the Government's determination to continue the economic policy trends set in train by the Minister of Finance, Mr Roger Douglas. Investors and others can plan accordingly.

The Budget praise for a floating exchange rate leaves exporters without devaluation or a managed float they have been seeking. A strong exchange rate and higher in-



terest rates are described by Mr Douglas as adverse side effects of transition to low inflation. Since controlling inflation is set as an urgent task it looks as though those adverse side effects are likely to continue.

Public servants will more than likely protest about their next annual general wage adjustment being discounted by around 3 percent. They should not overlook the fact that public sector pay rates increased on average more rapidly than comparable private sector rates.

If the Government has applied brakes to public service pay increases the same cannot be said for the private sector and the upcoming wage round. Wage controls are dismissed in the Budget even though last year's wage round is described as "higher than desirable." Instead there appears to be reliance on the threat of increased unemployment if "good sense" does not prevail in the wage negotiations and settlements.

A major item in the Budget is the financial restructuring of huge debts brought about by Think Big projects and producer boards. Has anybody noticed farmers' representatives complaining about the Budget but choosing to ignore the Budget annex statement that the Government is considering repaying the bulk of the \$850 million Meat Income Stabilisation Account debt?

Another \$600 million is to be paid to the Reserve Bank in compensation for the loss it has incurred on a \$750 million subordinate loan the previous Government ordered for the Dairy Board. There is \$10 million to be paid to the Rural Bank to help farm debt restructuring.

But it is the Think Big projects and the investment and political decisions which led to them which drew the Minister's most scathing comments. The figures he has published and the comments he has made are likely to be contested but they certainly put National on the defensive.

Can anyone deny that something had to be done now to avoid further damage? Is there really a sound defence for that burden of debt, in some cases open-ended, with taxpayers having to assume the risks while promoters of the schemes received guarantees?

The Minister cryptically says that the Government will be requiring the industries concerned to face the full discipline of market reality. Reform of special arrangements applying to each of these projects depends upon the outcome of discussions with other parties. What happens if interested parties refuse to surrender special provisions agreed to by the previous Government is not explained.

Nor does the Budget give any obvious explanation as to where the pre-Budget cuts of \$1600 million this year were made in Government spending. Government spending will increase by 19.7 percent. Critics point out that total Government spending will represent 42 percent of the gross national product — that is 42 percent of the value of all goods and services produced in the country. Surely that is too large a share for a Government that wants business to make a better contribution to economic performance.

In his earlier budgets Mr Douglas made much of the need to reduce the size of the deficit before borrowing. That is not the case this time. Mr Douglas forecasts the deficit will be \$2452 million, but what faith can anybody put in that given the various revisions of last year's forecast of the deficit?

The size of the deficit remains a problem detrimentally influencing the economy. The size of it means it cannot be dispelled in a short time, especially when terms of trade are against us.

If Mr Douglas has not been able to bent that by now he is at least continuing to force New Zealanders to adapt to marketplace conditions.

## Analysts Worry About Deficit

Auckland THE NEW ZEALAND HERALD in English 2 Aug 86 p 5

[Text]

Despite a general thumbs up to the Hon Roger Douglas's budget some analysts believe the Government still faces a serious deficit problem in practical terms.

In an 11-page analysis Wellington broker Jarden and Co says that while many of the initiatives the Government is taking will produce efficiency gains in the future, they may take time to produce results.

Auckland-based Jordan Sandman also says that economic fundamentals remain worrying and that the deficit at 5 per cent of gross domestic product is still too high.

It warns of a real danger that while offshore markets will give credit to the Government for consistent policy they will be less patient with the lack of results.

### Bullish

"This Government compares well with most Western powers in terms of pursuing a consistent and predictable economic path, but a shift in overseas confidence could be sudden and severe, as Australia has

experienced. That trigger may not be far off."

Wellington broker Francis Allison Symes is a little more bullish and says that despite the upward movement in the deficit several factors point to a restoration of the downward trend in Government debt financing beyond 1986/87.

It believes the Government can achieve a fiscal surplus within two to three years, thus reducing the stress on monetary policy, interest rates, the exchange rate and the fear of future inflation.

However Frank Renouf and Co has taken a different tack and says the budget's estimate of the deficit for the present fiscal year appears to be on the high side.

It believes the deficit outcome is likely to be lower than the budget's indicated figure and that the next budget deficit in election year will be relatively small.

Jarden's very detailed analysis highlights the statistical confusion surrounding the fiscal deficit, pointing out that there are several valid ways of measuring the net imbalance in the Government's accounts.

### Need

All up, though, it concludes that "the situation looks grim" and that the Government commitment to reduce the ratio of the deficit to GDP will be diffi-

cult to achieve in the next 18 months. This particularly applies to the net financial deficit.

Chartered accountant Ernst and Whinney has highlighted the business angles of the budget, noting that the steps taken transfer large sums of cash from the business community to the Government.

In turn Arthur Young's tax brief expresses the hope that the concentration on tax neutrality by removal of accelerated depreciation does not overlook the need to recognise write-down of assets based on their economic lives. Similarly, it believes risks in some industry sectors deserve special recognition if they are to compete internationally.

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CONSULATES TO CLOSE IN COSTCUTTING MEASURE

San Francisco, Vancouver Affected

HK111130 Auckland THE NEW ZEALAND HERALD in English 7 Aug 86 p 3

/Article by Wellington Staff/

/Text/ Trade and tourism officials stationed in San Francisco may be shifted to Dallas, Texas, in a bid to capture business flowing from expected economic growth in the region.

The minister of overseas trade and marketing, Mr Moor, confirmed last night that the five officials could be withdrawn from San Francisco along with diplomatic representatives in the city.

But Mr Moor said there would be no reduction in New Zealand's overall trade and tourism promotion effort in the United States.

The government was now considering whether to relocate the trade and tourism officials to take advantage of changing market trends.

Having increased its budget for tourism and trade promotion in America from \$850,000 to \$3.5 million since it took office in 1984, the government was not about to start cutting back that allocation, said Mr Moore.

The government was also considering whether to retain the consular status of trade and tourism representatives in San Francisco and Vancouver, after a decision this week to withdraw Ministry of Foreign Affairs diplomats from both cities as a costcutting measure.

Mr Moore would not be drawn on suggestions that the retention of diplomatic status for nondiplomats would be resisted by the Ministry of Foreign Affairs.

The Secretary of Foreign Affairs, Mr Merwyn Norrish, also declined to comment on moves described by the prime minister, Mr Lange, as designed to make New Zealand's overseas service more streamlined and efficient.

However, Mr Moore said there could be some advantage in designating the trade and tourism officials as diplomatic staff after the withdrawal of the consul general and vice consul in San Francisco and of the consul in Vancouver.



While the officials would not be called on to fulfill the political reporting functions of permanent diplomatic representatives, it might help them to retain their status as consular staff.

Mr Moore said a decision to retain Vancouver as a "business post" had been confirmed but it had not yet been decided to keep trade and tourism representatives in San Francisco.

"The tourism push might be more worthwhile in the American midwest.

"The main point (about the decision to withdraw diplomatic representation) is that we are able to cut government costs but make sure New Zealand does not miss any trade and tourism chances."

#### Editorial Questions Closure

HK111132 Auckland THE NEW ZEALAND HERALD in English 7 Aug 86 p 6

/Editorial: "Cutting Back the Consulates"/

/Text/ Ministerial confirmation on Tuesday of a consulate closure that had been ministerially denied on Monday may leave the public more worried about government candour than government policy. When the minister of foreign affairs eventually got round to admitting that our consular staff in San Francisco were to be withdrawn, he also announced that a similar step was to be taken in Vancouver.

Although some doubt clouds the point, it seems that New Zealand will have only business posts in both places. It is all part of the government drive to reduce spending and to streamline the foreign service while, according to the minister of overseas trade and marketing, ensuring that trade and tourism staff remain where the business and opportunities are.

If it works out the way Mr Moore describes it, good. But the Pacific Basin is very much New Zealand's region of interest, strategically and commercially. Two major countries on the rim of it--the Soviet Union and Canada--are displaying much more interest in it than hitherto. We want their business. It would be a pity if in one of them we should, by making short-term economies, miss out on long-term opportunities.

/12228

CSO: 4200/1317

## GOVERNMENT EXPECTED TO ASSUME MEAT DEBT

Auckland THE NEW ZEALAND HERALD in English 2 Aug 86 p 4

[Text]

The Government looks set to take over the \$850 million debt the meat industry has accumulated in its meat income stabilisation account with the Reserve Bank.

But no announcement is expected on the fate of the debt until the Government has held further discussions with the Meat Board about the future of the Meat Export Prices Act 1976.

More hazy is the fate of a further \$120 million, which the board says has been added to the stabilisation account but which the Government states is financed in the private sector.

The office of the Minister of Finance, Mr Douglas, did confirm last night that the \$850 million and the \$120 million were being looked

at as a total debt in the discussions.

A spokesman for the minister said there was no differentiation between the two parts but added that the whole matter was still very much in the negotiating stage.

The board insists that the additional \$120 million debt was largely incurred because the Government took from October of last year to March of this year to reimburse the board for money it spent administering the act.

During that time, according to its public relations spokesman, Mr Brett Sangster, the board had to finance the debt from the private sector at the commercial interest rates ruling then.

In its moves to isolate the "think big" producer board and some other debts this

week, the budget said of the producer board debts that the amounts specified — in the Meat Board's case \$850 million — were estimates of the sums that might be due to the Reserve Bank as compensation for writing down the boards' debts with the bank.

It indicated that the debts would be precisely specified in the supplementary estimates.

But in supplementary information provided with the budget the Government said it would consider repaying the bulk of the meat debt itself, if a package of measures could be put in place which would result in a soundly based economic environment for future sheepmeat marketing.

Future arrangements would need to ensure that the industry could not run into debt.

# LANGE CREETED BY CRITICISM IN LABOR 'HEARTLAND'

Auckland THE NEW ZEALAND HERALD in English 4 Aug 86 p 4

[Text]

## NZPA Greymouth

Visiting what he said was Labour's heartland to celebrate the party's 70th birthday at the weekend, the Prime Minister, Mr Lange, was accused of straying from its ideals by a mixed bag of protesters that included Communists, unemployed and farmers.

Mr Lange visited Blackball, hailed as the cradle of Labour's socialist foundations.

He had hardly alighted from his car to speak to an almost full community centre when the farmers chanted: "Go home Lange."

"I see we have exhibitionists everywhere," retorted Mr Lange as he and the Minister of Employment, Mr Durke, walked towards the hall.

## Distinction

They had to pass a banner which read: "Communist Party of New Zealand says Labour are traitors to the workers."

One of those holding it up, Mr Peter Lusk, of Westport, said he was angry that the Labour Party claimed Blackball as its roots.

The tiny former coalminers' village held a significant place in the history of working-class politics, but this distinction belonged to the Communist Party, he said.

Mr Lusk said the Labour Party was pretending to be the champion of the working class, but the Government had "sold out the workers."

"It has now become a party of monopoly capitalism ... It is the biggest of big business."

## Pattern

One of the unemployed group, Margaret Shields, of Blackball, said the Government had failed in its duty to address the problems of the unemployed. It was a people problem ... trying to survive without a job, she said.

But Mr Lange had a happier reception inside the hall, paying tribute to the founding fathers of the party, Pat Hickey, Bob Semple and Paddy Webb, all from Blackball.

Emerging from Blackball, Labour had set in place the pattern of social change that had become the yardstick to which all successive Governments

must look, Mr Lange said.

While some things from that early era had obviously changed, the objectives had not.

## So Much

Labour was committed to policy that gave young people the chance to fulfil themselves without being limited by the size of their parents' purse, he said.

In Greymouth on Saturday night Mr Lange, guest of honour at an anniversary dinner, said there was no better place than the West Coast to celebrate the 70th birthday of the party. Anyone wishing to trace the history of the party must start on the coast.

"So much of what the party is comes from here."

## Endurance

"What happened in Wellington in 1916 when the party was formed would not have happened in the way it did without the effort and endurance of the working men and women of the West Coast," Mr Lange said.

Mr Lange pledged that the fourth Labour Government was bound by the tradition of the Labour Party as forged by the earlier "unvarnished socialists" Hickey, Semple and Webb.

/12828

CSO: 4200/1334

REPORTAGE ON NATIONAL PARTY 'JUBILEE' CONFERENCE

ANZUS Endorsed

Auckland THE NEW ZEALAND HERALD in English 2 Aug 86 p 3

[Text]

The National Party solidly endorsed Anzus yesterday and promoted the idea of a beefed-up defence force in New Zealand.

Delegates at the party's annual conference in Auckland backed virtually without dissent a proposal to explore the concept of a "force in being" as the basis of defence needs.

Party members were told by Mr Bob Straight, of Nelson, that the creation of a strengthened force would send a message to the world that New Zealand was serious about its defence.

The pro-Anzus mood of the conference was set when delegates strongly applauded a speaker who said he deeply objected to

Labour's foreign policy being "the toast of Moscow and the despair of our natural allies."

Two Young National members also backed the continuation of Anzus.

Mr Straight said his force proposal would serve as the basis for defence debate. He saw strong land, sea and air components, backed by a large territorial force.

Mr David Schnauer, of Glenfield, chairman of the party's Auckland divisional policy committee, said: "God defend New Zealand — because if he doesn't, no one else will."

The conference also opposed the Labour Government's proposal for a bill of rights, saying it was not needed in the New Zealand legal and political context.

## Retiring President's Address

Auckland THE NEW ZEALAND HERALD in English 2 Aug 86 p 3

### [Text]

The retiring president of the National Party, Mrs Sue Wood, yesterday challenged the Government to call an election and declared that, if it did, National would win power.

From the party's jubilee year conference in Auckland, her message to the Government was: "Call your election whenever you like."

"We are ready."

Mrs Wood claimed that membership was growing quickly, indicating a resurgence of grassroots support for National and that its policy blueprint was well advanced.

"Our machine is in place and our determination is unmatched."

It was a punchy performance from Mrs Wood, in what was her final presidential address after four years in the job. Her conviction went unmatched on the conference floor, however.

Apart from the customary standing ovation at the end and two or three sporadic outbursts of applause, delegates were for the most part subdued.

Mrs Wood told them that the proud values the party had reflected for 50 years were today under attack by a Labour Government.

History would record that the Government was "unwittingly the destroyer of the ethos of New Zealand society."

In celebrating its 50th birthday, the party would serve the Government notice that the country would no longer tolerate the "radicalism" of Labour.

"While they are displaying all the aloofness of an economic textbook, the New Zealand economy and New Zealand society is being racked with division and increasing despair."

"Today we give notice: call your election whenever you like. We are ready."

Mrs Wood said National had selected or confirmed more than 10 candidates, and that the first 17 selections had produced over 50,000 members.

She said that, historically, Labour had been and would be a one-term Government.

A period in Opposition always began with difficulty for National, but it became very constructive after the "initial sort-out and shake-out" of defeat.

"That is the phase we are in right now — the rapid rebuilding."

"But this time we are moving faster and our progress in the three-year cycle has been more rapid, because of the extraordinary arrogance of the Government," Mrs Wood said.

That arrogance had shown in its dealings with doctors, superannuitants, farmers and exporters.

She said the party needed 11 seats to win the next general election.

She listed 12 winnable seats as Wairarapa, Horowhenua, Waitaki, Hamilton West, Glenfield, East Cape, Hawkes Bay, Hamilton East, Ohariu, Tasman, Pakuranga and East Coast Bays.

Every election had its wild-card seat and Mrs Wood said her pick was Tasman. She said her list represented only 5430 votes that had to change for the Government to be dumped.

The conference will elect a successor to Mrs Wood on Monday.

PICTURED: Mrs Wood addressing the conference yesterday.

Auckland THE NEW ZEALAND HERALD in English 2 Aug 86 p 3

[Text]

The Labour Government would be remembered as potentially the major contributor to the instability of the Western alliance, the National Party conference was told yesterday.

Because of its anti-nuclear policies, the Government had lost New Zealand its strong friends, said the party spokesman on overseas trade, the Hon Warren Cooper.

"Our relationship with Australia is now conducted at arm's length," he said.

"We are not welcome as allies in Washington, London and Bonn.

"And if that is not enough, socialist and coalition governments in many parts of the globe feel threatened and embarrassed by the New Zealand decision."

In a keynote address to the opening session of the party conference in Auckland, Mr Cooper said that from being a dependable ally accepted in the top eight of the Western alliance, New Zealand was now a country in search of a defence policy.

The country was becoming increasingly isolated from the mainstream of Western security and special access to markets was becoming more fragile.

"History will chronicle the fourth Labour Government as potentially the major contributor to the instability of the Western alliance in this decade," he told the conference.

Mr Cooper said that, in contrast, the Labour Prime Minister of Australia, Mr Hawke, had reversed policies opposing uranium exports and nuclear ship visits when he took office, because he understood the threat to that country's security.

But the New Zealand Prime Minister, Mr Lange, had made this country the "odd man out."

Mr Lange had "without doubt contributed to the insidious wave of anti-American hysteria," Mr Cooper said.

"His conduct has been disgraceful. He has virtually dried up the reservoir of goodwill."



## Policy Framework, Little Details

Auckland THE NEW ZEALAND HERALD in English 4 Aug 86 p 5

[Excerpts]

A glowing endorsement of party leader Mr Bolger was given by the National Party's deputy leader, Mr Gair, at the annual conference on Saturday.

In his address Mr Gair also spelled out the framework in which National will devise policies to fight the next election, but gave little away on the specifics being canvassed.

On the exchange rate, however, he indicated that the party favours a managed float as a way of boosting the export sector.

Policies were not being fashioned as an endorsement or rejection of Labour's endeavours.

Rather, they were being built on the "economic principles which flow naturally" from National's political philosophy and the realities of what the party would inherit from Labour.

"Our policies must work to achieve a flexible and competitive exchange rate pitched to help to achieve the recovery of our efficient export industries," he said.

### Flexible

The party would support the shift from direct to indirect taxation and move to cut Government spending. Its policies could not be out of step with comparable developments by trading partners.

Tax, investment, labour, protection and exchange rate policies "must all prove they can live with, and interface with, those of our main trading partners."

Mr Gair told delegates: "We will be judged by what we offer in policies, in our leadership and in our alternative approach to the challenge of being the Government."

## Party 'Dither' Over Economic Policy

Auckland THE NEW ZEALAND HERALD in English 4 Aug 86 p 5

[News Analysis by Mike Munro and Andrew Stone: "Party Reveals Dither On Economic Policy"]

[Text]

A Waikato dairy farmer, Mr Doug Simmons, annoyed some farmer colleagues at the National Party conference at the weekend when he opposed a call for the Rural Bank to get more funds for "selective" assistance.

His was a crucial vote, as it turned out. For the remit was thrown out by 45 votes to 44.

But the remit served to illustrate vividly the dither the party is in over economic policy.

Most do not want to return to the subsidies and supports of the past. Others clearly do. And the middle course, which the party conference in Auckland has tried to chart, is proving difficult.

Some delegates have expressed displeasure at

remit before the conference, describing them as bland and wishy-washy.

It was the Rural Bank lending proposal, dealt with by a remit committee on Saturday, which aptly showed the division over where the party should be heading.

It originally proposed that the bank receive enough money from the Government to enable it to return to its "previous lending policies of lower interest rates, rather than lending on a commercial

## Labor Antinuclear Policies Hit

Auckland THE NEW ZEALAND HERALD in English 2 Aug 86 p 3

[Text]

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Mr Cooper said that, in contrast, the Labour Prime Minister of Australia, Mr Hawke, had reversed policies opposing uranium exports and nuclear ship visits when he took office, because he understood the threat to that country's security.

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basis, with the emphasis based on the continuation of settlement of young farmers and strengthening the position of all its clients."

#### Unhappy

However, in the amended version the reference to lower interest rates was dropped.

And the last part was reworded to say the emphasis should be on providing selective assistance, such as climatic disaster relief, so strengthening the position of all its clients.

But Mr Simmons, who farms at Te Pahu, southwest of Hamilton, helped to send the proposal to a 45-44 defeat.

Some of his rural colleagues may have been unhappy about that, but Mr Simmons explained later that the party should not be getting side-tracked into making "fag-end commitments."

Like many farmers, he said he would much appreciate subsidies.

"But if the next National Government can get its fundamental economics correct, the market rate will be at such a level that subsidies will not be required.

"But there is no way we can prejudge the state of the economy and it is dangerous to start making solid commitments."

#### Assistance

The committee did pass a remit supporting "career start" policies as a replacement for assistance packages to young farmers, tertiary students and small business people. Not everyone liked the idea, though.

A Rotorua delegate, Mr Bob Tennent, described it as a "disguised assistance package" for farmers. Two Young Nationals speakers also had reservations about the proposal.

Some conference delegates advocated agricultural and economic policies that ensured the long-term viability of farming.

But others criticised that, saying that only the market place could determine that viability.

The party's agriculture spokesman, the Hon John Falloon, told the conference yesterday that he did not see the party returning to Rural Bank subsidies.

But many farmers were suffering hardship and National "must see these people through," he said. The Rural Bank should therefore be given more flexibility and funds as an interim phase to keep such people off the scrapheap.

In other remits, the conference unanimously showed its support for privatisation.

#### Private

A proposal for National to thoroughly review the functions of all Government departments and corporations with a view to privatising or semi-privatising them, was passed unopposed.

But the new chairman of Young Nationals, Mr Craig Allan, a Central Otago farmer, was critical that such an important issue had not been discussed by the full conference.

A proposal to stop foreigners buying New Zealand farms was passed, but there was some opposition to the idea.

Auckland THE NEW ZEALAND HERALD in English 5 Aug 86 p 6

[Editorial: "National Steps Out"]

[Text] Opposition is purgatory for any political party as accustomed to governing as National has been. And a particularly cold purgatory it is when the party clothing, so lightly discarded in power, is picked up and worn with some panache by the succeeding administration. National has been sifting erratically through a depleted wardrobe of centre-right policies and found just enough to dress with dignity for its annual conference over the past four days.

That is some achievement but the party leaves its 50th jubilee conference with more. It looks comfortable and purposeful for the first time since the snap election defeat. The leadership seems settled at last on solid, though unspectacular, shoulders. The organisation is being injected with new blood, at least at the top, and there is nothing quite like the appearance of an election on the horizon to revitalise activity at lower levels.

The morale of rank and file should have been well-boosted by the principles from this conference platform. Little detailed policy was subjected to debate on the floor, and that may be understandable. If the mood had turned sour towards the free market it would have further damaged National's fund-raising from business; had it turned otherwise it might have delivered a gratuitous endorsement of

many elements of Rogernomics.

It was left largely to those on the platform to grapple with the challenge of Mr Douglas, who seems to haunt National gatherings these days much as Sir Robert Muldoon did Labour forums of a decade ago. This time, Mr Douglas timed his budget to overshadow the Opposition's weekend in the limelight. And Sir Robert was practically a silent presence as Mr Bolger ritually disowned the excesses of National's latter years in office.

That may evince a conversion of sorts for Mr Bolger, who came to the leadership scoffing at current "theories" and advocating active economic management. More likely, he has run hard up against party sentiment, particularly in the main cities, which demands that government let the markets work.

So the party focuses, properly, on state spending reductions as the linchpin of sound economic policy. It contemplates, less wisely, a managed exchange rate and promises nothing to suggest such management would be markedly different from the expensive central bank currency trading which once attempted to keep the dollar at the Government's favoured rate.

National's fortunes next year may hinge on its commitment to less government. On that score, over the weekend, it did itself no harm.

AQUINO ADDRESSES PC-INP RITES AT CAMP AQUINALDO

HK080513 Quezon City Radyo ng Bayan in Tagalog 0400 GMT 8 Aug 86

[Text] President Corazon Aquino today stressed the importance of the people's support for a strong government. This is the gist of the president's short speech in connection with the 85th anniversary of the Philippine Constabulary [PC] and the 11th anniversary of the Integrated National Police [INP] in a ceremony held at Camp Aquinaldo.

The president recalled the past incidents which followed the revolution which toppled the Marcos government.

[Begin Aquino recording in English] Today, as I join the Philippines Constabulary in the celebration of its 85th anniversary and as I congratulate the Integrated National Police for its 11 years of dedicated service to the nation, I want to size up the true lesson of the February Revolution.

This government was born only on the foundation of the people themselves and cooperation. When we heard it said that a government must be for the people and not the people for the government, we regard this as a statement of democratic principle. This is more than that. It is a statement of fact. If government is not for the people, it will not last. The clearest statement really is: A people must be for their government or their government is doomed, doomed to extinction, and long before that, doomed to ineffectiveness, which is an even more shameful thing.

This is what happened to the previous government. From 21 August 1983, the people increasingly revealed their concern and cooperation. [end recording]

On the other hand, Major General Renato de Villa, acting chief of the Philippines Constabulary, said that they will strive to perform their duties in order to be deserving of the people.

[Begin De Villa recording in English] We would like to believe that the PC-INP has contributed its share in making the February Revolution peaceful and successful.

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CSO: 4211/78

BAYAN GIVES IDEAS ON NATIONAL CHARTER

HK020700 Manila FILIPINO TIMES in English 25-31 Jul 86 pp 5, 6

[Article by Bagong Alyansang Makabayan [Bayan--New People's Alliance] dated 16 July 1986: "Primer for a Nationalist and Democratic Charter"-- passages within slantlines published in boldface]

[Text] We have collectively succeeded in ousting a fascist tyrant. But the remnants of fascist rule strengthened thru two decades remain entrenched in power while the basic socio-economic ills including U.S. domination and oppressive landlord rule persists.

Today in the midst of crisis and uncertainty, we are fighting for a truly democratic and nationalist charter in an attempt to institutionalize recognition of our people's gains and continuing demands. This, in the face of powerful adversaries trying to usurp whatever victories the people have accumulated.

The enemies of change, primarily U.S. imperialism and its local henchmen lie in wait, hoping that the people complacently and [naively?] entrust to the 48-man Commission (which even includes those who contributed to the nation's ruin) the drafting of the nation's new Charter. For what can be more favorable to their interests than the reimposition of the same proimperialist framework of governance, without vigorous contention by the governed?

The process of Constitution-making is, thus, a veritable arena in the battle between progress and reaction. And whichever emerges victorious will find reflection in the provisions of the charter. But this arena is not confined to the session halls of the Concom [Constitutional Commission]. Since the people had the least say in the selection of the drafters, necessarily the resolution of the most critical issues can only be made where the people are -- in their workplaces, the factories, farms, classrooms, and even in small discussion groups in sari-sari stores.

This primer is our attempt to crystallize and give expression to the people's basic demands and aspirations which at this time must be really held paramount in the face of many forces seeking anti-democratic ends.



The Constitution by itself cannot be expected to induce substantial change. In the end, it will be the people themselves who will usher in change; the function of the Constitution is to institutionalize the gains of the people and to facilitate their achievement of more victories.

In the event that the Commission upholds a draft that fails to capture the people's demands, then all is not really lost. The collective power of a highly politicized citizenry can strike down such draft and turn it into a mere scrap of paper. The battle to be won in the final analysis is with the people. These then are our calls:

#### **Assert Our Independence and National Sovereignty**

Posture is not policy, much less a reflection of the truth, and no matter how often government declares the Philippines to be a sovereign state, it cannot deny the reality that we are but a subaltern of the U.S. This, because the imperialist power so dictates and because the ruling elite have collaborated for their advantage.

Apart from economic domination by the U.S., the most blatant derogation of our sovereignty can be easily seen in the more than 400,000 ha of land occupied by the largest naval and air installations outside the U.S. mainland. Are we to believe the preposterous claim that no nuclear weapons are stored in these military bases which form a strategic part of the United States' international military network?

We are thus exposed to the real and imminent threat of imperialist wars and nuclear devastation that could wipe us out as a race. The Filipino people are automatically pitted against nations which are not necessarily our enemies but stand in the way of United States' imperial expansion.

Many other treaties and agreements signed by leaders of compromise justify United States' brazen intervention in domestic affairs. In the same way it finances the Nicaraguan contras against the liberation forces, it continues to fuel the "New Armed Forces of the Philippines" against the rapidly advancing nationalist movement of the people.

Indeed, no amount of assertion that we are an independent nation can wish away these realities, unless we start today and act in earnest to change it.

-- As we steadily transform actual foreign relations to benefit the people, we must embody in the Charter our neutrality as a state, renouncing war as an instrument of national policy, condemning expansionist wars as international crimes and adhering to the policy of peaceful co-existence in the community of nations.

-- All existing treaties, pacts and agreements inconsistent with the policy of neutrality and violative of the people's sovereign will should be abrogated. The U.S. bases must be dismantled not later than the expiration of the Military Bases Agreement in 1991, after which no other foreign installation shall be allowed in Philippine territory.

-- The storage and transport of nuclear weapons and other war material must be prohibited and severely punished. No nuclear plant should be constructed unless the people so desire after safety requirements have fully been fulfilled.

**Defend the National Patrimony! Build a Self-reliant Economy Meeting Our Basic Needs!**

A worsening economic crisis confounds the Filipino people today, especially after the downfall of what many perceived as the cause, the Marcos dictatorship. Extreme poverty is still borne by the workers and peasant majority. The rest of our people are forced to cope with less food, less clothing, less of other basic needs as more Filipinos add up to 36.9 million already below the poverty line since 1983.

"Patience!" has been the consistent response to popular expectations for economic recovery, spawned by Marcos' ouster and the rise to power of the Aquino administration. Indeed, it is no easy task to build a self-reliant and pro-Filipino economy from 20 years of devastation wrought by the U.S.-Marcos dictatorship. But unless government recognizes and decisively strikes at the basic causes of the pervading crisis, no genuine economic recovery shall alleviate the people's plight for many years to come.

The roots of our destitution go deeper than Marcos' reign, spanning more than three centuries of conquest and plunder by foreign aggressors -- first by colonialist Spain which stunted our native development to suit its needs in the world market, and later, by a maturing imperialist nation which pushed the economy into the mire of stagnation.

Today, diminishing wages, heavier taxes, soaring prices of commodities; widespread unemployment, higher land rentals and other burdens borne by the people, concretely manifest the results of the unabated crisis brought by U.S. domination. Meanwhile the foreign power continues to rake in superprofits from goods using raw materials bought at the cheapest prices and made by workers paid at rockbottom wages.

U.S. pressures have already elicited a promise from President Aquino to fully pay Marcos' \$26 billion foreign debt despite popular clamor to repudiate loans which financed such anti-people projects as the Bataan Nuclear Power Plant and served only to increase our fetters to the U.S. Already, the U.S. imperialist broker called the IMF-World Bank has been bandying the threat "no plan, no aid" in an attempt to push government into adopting its debt service priority scheme. Marcos did so willingly, and ensured for the U.S. and his narrow clique expanding wealth while guaranteeing the people's poverty and oppression.

**We must ensure the prioritization of the national interest by embodying in the Constitution:**

-- The development of a national economy free from all forms of foreign domination, founded on national industrialization and modern agricultural

to ensure the real growth of the nation's production capacity, promote the people's livelihood and provide for their basic needs. To this end we must strive for:

- Equitable distribution of wealth, believing that all the nation's resources are collectively owned by the people and must be used for their benefit.

- The development of a modern industry equipped with advanced technology and manned by well-trained personnel; and the improvement of agriculture to service industry's needs.

- Nationalization of such vital industries as raw material extraction, public service, etc., to hasten economic independence and national industrialization.

- Self-sufficiency in food production and other basic goods.

- Assured government support for Filipino private entrepreneurs in other areas of economic activity where their skill and expertise is needed.

- Allowing foreign investments and loans only to enhance genuine national progress and under conditions beneficial to the people.

- All foreign loans secured by the deposed Marcos regime must be reviewed and repudiated. The people must be fully informed of the terms and purposes of all loans obtained in future.

**Equalize Wealth! Implement a Genuine Agrarian Reform Program!**

The peasantry comprising 45 percent of the people, remain in the grip of a debilitating economic crisis, still suffering insufficiency of land, high land rent, heavy indebtedness as well as continuing counterinsurgency operations in the countryside.

This has been true not only for years but for whole generations. Many laws on land reform have been passed since the American colonialists but none so far has alleviated the peasants' plight. Marcos' Samahang Nayon [national association] proved to be most lucrative for the illegal accumulation of wealth by United States' local business partners and the big landlord.

Believing that the welfare and survival of the majority of our people should be prioritized over anything else, we stand for:

- The immediate implementation of agrarian reform; primarily, a genuine land reform program with the central goal of free land distribution must be undertaken in order to transfer land ownership from the landlords and transnationals to the people. We work it.

This would entail:

-- Confiscation of all idle or abandoned agricultural lands; expropriation of all huge agricultural land holdings. These areas must in turn be distributed to landless peasants and farm workers in keeping with the principle of equalizing land ownership.

-- Confiscation of lands owned by Marcos cronies; expropriation of those foreclosed by banking institutions. Again, these shall be distributed free to the tillers.

-- Promotion of agricultural cooperation and other programs for the uplift of the peasantry's livelihood.

-- Provision of financial-technical assistance and initiation of independent programs and researches for increased agricultural production.

Defend and Uphold the People's Democratic Rights!

The Filipino people know only too well the gross disregard and transgression of our democratic rights by the Marcos dictatorship. We defended our democratic birthright in the struggle against the Marcos dictatorship and through the February popular uprising. We must now embody in the Charter these democratic rights, and more importantly, ensure that these are constantly upheld.

Our political and civil rights:

-- The right to free speech, press, self-organization and assembly.

-- The right to equality before the law without prejudice to women, the poor, the uneducated, the children and the aged, the sick and the disabled. The accused should fully enjoy the right to due process -- assurance of being provided legal counsel, freedom from duress, a fair, public, speedy trial. Military trials of civilians and trials in absentia must be prohibited.

Punishment of the guilty should be aimed towards reform and reintegration in society. All inhuman and cruel forms of punishment such as torture must be done away with.

-- The right of everyone to be secure in their person and their homes. Hamletting, arbitrary arrests, extra-judicial executions and other atrocities mostly carried out in the name of counterinsurgency must be stopped. Citizens have the right to keep arms inside the homes to protect their rights and welfare.

-- The right to alter, abolish and replace any Philippine Government which becomes destructive to democratic ends.



-- The assurance of asylum for aliens persecuted in their country because of their involvement in national liberation movements. Freedom fighters must be free from extradition.

Economic, social and cultural rights:

-- Labor is the inalienable right of every citizen. Employment opportunities under humane working conditions must be provided for all regardless of gender, civil status, religious creed or political belief.

-- A system of profit-sharing with the workers must be worked out; labor is moreover entitled to participation in policy-making, self-organization, collective bargaining and concerted action.

-- Everyone has the right to rest and leisure after work; to social security from old age, disability, involuntary unemployment, etc.

-- The tiller has the right to a comprehensive and thoroughgoing agrarian reform based on the equitable distribution of all lands.

Peasants and farm workers have the right to self-organization and assembly as well as to effective participation in agrarian policy-making.

-- The tiller has the right to a comprehensive and thoroughgoing agrarian reform based on the equitable distribution of all lands. Peasants and farm workers have the right as well to self-organization, assembly and effective participation in agrarian policy-making.

-- Everyone must be able to avail of free education up to the tertiary level. The academic freedom of students and teachers should be safeguarded. Teachers must be given just compensation, and with the students, are entitled the right to organize and peaceably assemble. Campus press freedom must also be guaranteed.

-- The minority peoples have the right over their ancestral lands, and to autonomy and self-determination. All forms of discrimination against them must be eradicated.

-- All Filipinos, particularly the poor and the dispossessed have the right to decent housing and adequate community service through various development programs initiated by the state.

-- Women and men should enjoy equal rights in economic, political cultural, social and family life. Mothers must be given special pre and post natal care by the state.

Build a Popular Government Institutionalizing Power to the People!  
Establish a Truly New Military Upholding the Principle that National Defense Rests on the People Themselves!

Nowhere in our history can we find the significant imprint in government of the broad masses, particularly the peasants and workers, poor

and dispossessed. Government has always been dominated and controlled by elite circles of the rich who then relied on the people's power to defeat Spain but later switched allegiance to the U.S. when they could no longer profit from the revolutionary cause.

Thus, did elite, patronage politics begin. Since then we have had a stream of U.S. patrons led by Marcos who built their private fortunes from mortgaging our future to the foreign power.

Legislative power shall be vested in a People's Parliament composed of deputies elected by Municipal People's Congresses (MPC) from among themselves representatives of political parties having more than 5 percent of votes cast in the election proportionate to their share of total votes; representatives of social sectors chosen by their respective social organizations; and representatives from the autonomous regions.

/Parliament shall elect from among its members the Prime Minister and Cabinet Ministers.

/Each barrio, municipal/city and province shall elect their respective people's congresses. Representatives shall then elect from among themselves deputies to the next higher level./

/The Filipino masses have consistently proven themselves in fighting for freedom and democracy at the price of great sacrifices. It is in their hands that the reins of government rightly belong.

#### Citizens' Army

The February popular uprising which was precipitated by the open rebellion of disgusted military elements has given rise to the New Armed Forces of the Philippines [AFP] supporting the popularly mandated Aquino government.

Apparently it has taken little time for the military to revert to its old ways. Today the Marcos regime's counterinsurgency campaign still fueled by U.S. aid and war material, continues to lash ruthlessly at the people's struggle for the attainment of just demands. Instead of easing the process of meaningful social change, the NEW AFP has only served to sabotage the ceasefire plan and lay waste government's efforts towards national reconciliation and peace.

That the military may never again be used by any clique to secure its narrow interests, the new Philippine Charter must provide for --

-- The complete reorganization and reorientation of the military into a Citizen's Army, composed of all able-bodied Filipino citizens who shall undergo military training, and a corps of trained officers in active duty to teach, service and keep the Citizens' Army in reasonable preparedness at all times.



-- Local government have the power to create, maintain and control its own police force in order to protect the people's rights, keep the peace and enforce laws and ordinances.

**Develop a Nationalist, Mass-oriented, Pro-people, Non-discriminatory Art, Media and Culture**

We are in many ways a nation without an identity and still searching for a truly national culture that sums up the needs of people, their conditions, values and emotions, the continuing struggle for independence. We realize that this only manifests our poverty as a people, our imprisonment in foreign values and traditions, as well as our continuing struggle for national liberation.

Clearly, the success of the movement for a national culture means the victory of our struggle for genuine independence and national sovereignty. As we steadily transform society today, we are also taking strides towards developing a culture that serves the people's interests best -- a nationalist, mass-based, pro-people, scientific and non-discriminatory art, media and culture.

-- Establish a National Commission of Art and Culture supported by the state to promote artistic activity and cultural development along a nationalist and pro-people line.

-- Institutionalize Filipino as the official language of the Philippines; English and the regional dialects shall be considered auxiliary languages.

-- Establish a free, complete educational system, promoting nationalist consciousness, developing critical thinking, cultivating democratic values and seeking the fullest development of the human potential and genuine social justice.

We can on the Filipino people seize this most favorable moment to advance the struggle for the realization of their aspirations. We cannot stand idly by while pro-imperialist, anti-people forces are insidiously worming their way in the process of drafting our fundamental law. This is the time to launch the most resounding mass movement possible to safeguard our nationalist and democratic interests from the agents of oppression and imperialist subjugation.

**Join the national campaign for a nationalist and democratic Constitution!**

1. Organize people's committees for a Nationalist Democratic Constitution in schools, workplaces, communities and parishes. Contact sectoral cause-oriented organizations for discussions regarding a genuine pro-people Constitution.

2. Organize and attend symposia, fora, pickets, rallies, marches-demonstrations to defend our interests and resist all attempts to railroad anti-Filipino provisions.

3. Volunteer in the constitutional campaign; extend financial and/or material support to advance this campaign.
4. Submit positions, initiate petition-signing campaigns, send delegates to commission members and launch other forms of mass action to secure our basic demands in the new Charter.
5. Distribute or post as many leaflets, posters possible to inform others of this campaign' seek their support and channel their efforts in people's organization to intensify this campaign.

/For the full text of constitutional proposals submitted by your respective mass organizations and institutions, refer to Malaya, 15-18 July. Call or visit the Bayan office, now at No 5 Rosal St., Cubao, Q.C. [Quezon City] with telephone No 7218113./

### Marcos' Economic Legacy

#### National Output

#### Gross National Product (GNP)

(p million, constant 1972 prices)

1965	39,520
1972	55,526
1985	89,885*

\*advance estimate

#### Foreign Debt

Outstanding as of year-end (\$ million)

1965	599.5
1972	2,210.4
1985	25,600.0*

\*as of September 1985

#### Greal Growth

Annual average

(GNP in percent)

1965-1972	4.98
1972-1980	6.43
1980-1984	1.08
1984-1985	(4.00)

### Budget Deficit

(in p million)

1965	270.3
1972	930.0
1985	12,000.0

### Balance of Payments

Surplus (deficit) (in U.S. \$ million)

Current Account Over-all

1965	137	( 15)
1972	9	94
1984	(1,172)	286
1985	( 13)	2,342*

\*Jan to Oct

### Peso Devaluation

Fall in average peso  
value vis-a-vis U.S. \$ (in percent)

1965-1972	41.6
1972-1984	60.1
1965-1984	76.7

### Wages in Metro Manila

	Real Wage Index (1972 equal 100)a	Effective Minimum wage (p/day)
1965	115.2	6.00
1972	100.0	8.00
1984	63.7b	57.08

a. skilled workers

b. 1980; series discontinued after 1980

### Buying Power

	CPI* (1965 equal P1.00)	PPP* (1965 equal 100)
1966	104.8	0.95
1972	173.4	0.58
1985	1,265.6	0.08

\*rebased

CPI - consumer price index

PPP - purchasing power of the peso

# Per Capita GNP, Debts & Taxes

(in pesos at current prices)

	GNP	Debts*	Taxes
1965	736	74	71
1972	1,427	379	162
1985	11,111	8,686	1,361

\*foreign debts converted to pesos at ave age

P: \$ rate during period concerned

## Cost of Living

Household head engaged in moderate activity

(P/day)

1965	N/A
1972	19.05
1978	36.93
1985*	114.06

N/A - not available

\*IBON estimate

## Employment

(in thousand)

	Employed	Unemployed & Underemployed
1966	10,984	3,450
1972	12,834	2,495
1985*	19,723	4,947

\*2nd quarter

## Income Distribution

Percent of Families	Percent of Total Income		
	1965	1971	1983*
Richest 20 percent	55.5	53.9	56.5
Middle 40 percent	33.0	34.2	32.5
Poorest 40 percent	11.5	11.9	11.0

\*Fourth quarter

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CSO: 4200/1301

REPORTAGE ON CONCOM BUSINESS, ISSUES, RESOLUTIONS

Proposal on Land Reform Revealed

HK051531 Quezon City BUSINESS DAY in English 5 Aug 86 p 18

[Text] The Constitutional Commission (ConCom) was asked yesterday to adopt a sweeping overhaul of the land reform program as one means to institutionalize social justice in the new constitution.

Plantations of all types of crops, mining areas, timberlands, and fishponds where there are workers are covered by the proposed all-encompassing land reform program.

Estates whether leased to transnational corporations or owned by Filipino firms will also be subjected to the recommended program.

Details of the program will however be left to the congress.

Proponent of the proposal was Commissioner Jaime Tadeo, president of the Kilusang Magbubukid ng Philipinas [Peasants' Movement], who presented his concept of land reform during yesterday's plenary session on social justice.

Other concepts on social justice presented were continuance of the power of government to enact minimum wage laws and the availment of compulsory arbitration in labor disputes to prevent disruption of essential public service and endangering national security.

The Concom is deliberating on the 20 sections on the article of social justice, the most controversial of which is the coverage of the land reform program.

Committee chairman Teresa Nieva said the proposed land reform program is expanded in scope and coverage.

Commissioner Ponciano Bennagen said the new provision will "do away with the classical concept of land ownership in the country and discrimination in its implementation against farmers.

Tadeo said there will be "no distinction in implementation. It will cover plantations of all types of crops, mining areas, timberlands, and fishponds where there are workers.

Tadeo added that all big landed estates are included. Whenever there is a tenancy-landlord relationship, land reform will be implemented.

At present, land reform program does not cover sugar and coconut plantation.

If the provisions will be approved, the Hacienda Luisita, a sugar plantation owned by the family of President Aquino and the Canlubang sugar estate owned by the Yulos will be covered.

Commissioner Blas F. Ople however cautioned against the drastic approach that would deprive small landowners of their land and against a policy that refuses to see a difference between big landed estates and small farmers.

He said, "In a sense we have chosen to imprison ourselves in poverty by failing to alter social relations that prevent a release of popular energies for development."

Tadeo, however, maintained that the proposed land reform program envisages an ultimate state where all tillers shall be owners of the land, individually or collectively.

Tadeo added that plantation regardless of size would have to be distributed to tenants and landless workers in due course. But congress will determine the priorities and modes of implementation.

He said the government should buy the properties and turn them over to the landless.

Tadeo explained that fishponds will also be covered by land reform but he preferred to leave the details to congress.

Asked whether transnationals now leasing land for commercial crops production will be nationalized under the program, Tadeo replied that will be the ultimate objective.

But he said it did not matter whether estates are Filipino-owned or foreign-owned, they will be subject to redistribution.

Ople, a former labor minister took the floor and said, if the program will be a reality, a lot of people will be disturbed because this will affect existing rights.

Ople noted that a "blanket approach which allows no distinction between large and small landowners will thwart the implementation of a genuine land reform program.



Commissioner Regalado Maambong said the proposed social justice articles are all encompassing that may later "tolerate the division of property and trample the rights of others."

On the provision on payment of just compensation for land to be covered by the reform program, Tadeo said the government will pay landowners 90 percent in government bonds and 10 percent in cash.

The Land Bank will be used as conduit, he proposed.

Commissioner Joaquin Bernas, S.J. said a genuine land reform program will not succeed if there is not enough financing for farmers.

He said, "I do not see a massive land reform unless government somehow gets involved in financing. And I think one of the reasons the past land reform program did not succeed was the absence of effective financing system.

Bernas then suggested the government adopt a progressive scheme where just compensation would not involve a diminution of what the owners would get.

#### Green Cards, Assets Disclosure

HK300602 Manila THE MANILA CHRONICLE in English 29 Jul 86 p 2

[By Vet Vitug]

[Text] Government men who are permanent residents of the United States were made to choose yesterday between giving up their "green cards" or their posts.

The Constitutional Commission voted to penalize public officials seeking to change their citizenship or acquire immigrant status.

Divided allegiance is an "odious act," the Concom said.

However, it left to Congress to further define the policy towards "green card" holders in government.

Commissioner Blas Ople, author of the amendment which was adopted by the committee on the accountability of public officials, said government men holding "green cards" has "unsettling and demoralizing effect on citizens."

The Commission also approved yesterday a provision compelling public officers to disclose their assets, liabilities and net worth.

The proposal, by Ople and Ponciano Benmagen, is particularly aimed at the President, Vice-President, members of the Cabinet, of Congress, of the Supreme Court, of Constitutional bodies and other Constitutional officers, and ranking officials of the Armed Forces.

Prolonged debates on the accountability of public officials delayed discussions on the manner of electing members of the House of Representatives under the innovative concepts of sectoral representation and party list.

The Concom also decided yesterday to take away the investigative powers of the Tanodbayan. The former Tanodbayan will now be simply known as a Special Prosecution Court.

This means the new Tanodbayan will receive and look into complaints of the citizenry against public officials. It will then forward the case, if it so requires, to the Special Prosecution Court for trial.

Previously, the Tanodbayan acted as the Ombudsman with prosecution powers.

The Commission approved the appointment in the Tanodbayan of a deputy for military affairs.

Ople batted for the operation of special deputy for the military "to help the ordinary foot soldiers get through with his grievance to higher authorities."

The Tanodbayan deputy for military affairs will work in close cooperation with the Minister of Defense and the armed Forces chief of staff.

#### Rejects Invalidation of Marcos Agreements

HK041244 Quezon City NEW DAY in English 4 Aug 86 p 3

[Text] The Constitutional Commission Committee on transitory provision and amendments has rejected the inclusion of a provision in the new Constitution declaring invalid all treaties, agreements, foreign loans, service contracts, licenses, concessions, and leases entered into by the Marcos regime.

The committee chaired by Commissioner Jose Suarez decided that the proposed provision "should not be mentioned" in the new Constitution. It said that it will leave the matter to President Aquino to decide.

To revoke undertakings if the congress fails to give concurrence or approval will create a grave and unsettling repercussion in the international financial market and put the Philippines under great risk. "It's better for the Constitution to be silent on the matter, it said.

The committee also voted 5-0 against a proposal to prohibit from running for all public offices all elective and appointive public officials who have already served for six years or more immediately preceding the first national, local and barangay elections.

This proposal is tantamount to excluding all KBL and Marcos appointees and officials who held elective or government positions from any election. Suarez, who did not vote, said that "it's discriminatory."

Commissioner Blas F. Ople, who voted against the ban, said. "It is a draconian measure and the greatest insult for good and honest government officials who have served. We may even face civil war."

#### Ople Pushes for Plebiscite on Terms

HK041527 Quezon City BUSINESS DAY in English 4 Aug 86 p 16

[By Tara S. Singh]

[Text] The political opposition in the Constitutional Commission (Concom) has demanded that President Corazon C. Aquino and Vice-President Salvador H. Laurel submit to the people "their terms of office and status" under a separate question in the forthcoming plebiscite for the ratification of the new constitution.

Led by Blas F. Ople, oppositionists Concom commissioners in effect proposed that the plebiscite shall serve also as a referendum on people's acceptance and recognition of the administration of President Corazon Aquino.

Ople said if Mrs. Aquino and Laurel would evade this issue, they would risk public suspicion that their legitimation is the major purpose of writing a new constitution.

Ople made the comments as he and other opposition members were defending two resolutions before the committee on amendments and transitory provisions chaired by Jose Suarez.

One calls for an outright election of the president and vice-president; the other calls for a separate or simultaneous referendum on the terms of the incumbent president and vice-president.

The plebiscite is set tentatively for the first week of December. By then the Commission on Elections is expected to have completed a new voters' registration.

Ople said the opposition's call for a referendum on the terms of the incumbent president and vice-president should command wide support because at this time that seems to be the concern of all.

Under the resolution, the terms of office of Mrs. Aquino and Laurel will be voted upon in the same plebiscite ballot but presented in a separate question on the constitution itself.

"To build into the body of the constitution itself the six-year term of Aquino and Laurel will spark division and confrontation, rekindle partisan passion and endanger the ratification of the constitution itself," Ople said.

### May Extend Session 2 Weeks, 1 Month

HK000511 Quezon City DZFM Radio in English 0400 GMT 5 Aug 86

[Text] The Constitutional Commission [Concom] may extend its session by 2 weeks or 1 month [words indistinct] debate in its deliberations on major issues. Proclamation Number 9, which created the Concom, gave the charter body until September 2 to finish its work. Concom President Cecilia Munoz-Palma has conducted a secret poll survey on the thinking of the 48 charter (? members) on the possible extension of its session by 2 weeks or 1 month. Most commissioners are reportedly in favor of their session's extension to ensure a quality constitution. Concom member Rustico Delos Reyes gives an update on the latest activities of the Concom.

[Begin Delos Reyes recording] This is a subject of the debate in the Constitutional Commission, is the report of the Committee on Social Justice; and the committee has already sponsored the report, and it has already been debated upon with several interrogations, from the members of the commission. Tomorrow we can tackle the introduction of amendments to the report of the committee, and this is expected to start a lively debate between the proponents on the one hand and the oppositors on the other. (?social) Justice, by the way, includes provisions on labor, agrarian and natural resources reform, aquatic resources reform. In other words, reform is not limited to land reform but also to aquatic. [end recording]

### PCCG Powers Extended

HK010349 Manila Far East Broadcasting Company in English 2300 GMT 31 Jul 86

[Text] The Constitutional Commission's [Concom] committee on amendments and transitory provisions agreed to extend the extraordinary sequestration, search-and-seizure powers of the Presidential Commission on Good Government [PCGG] to 6 months after the convening of the first congress. It was also agreed that congress, in the national interests, as certified by the president, may extend the period. The draft provision will be included in the transitory provision of the new constitution.

### Limits President's Power on Foreign Loans

HK010351 Manila Far East Broadcasting Company in English 2300 GMT 31 Jul 86

[Text] The Constitutional Commission [Concom] yesterday [31 July] clipped the power of the president to contract foreign loans. Concom members decided to incorporate in the draft constitution the limitations on the presidential powers and prerogatives. The provision requires the prior concurrence of the Monetary Board before a president can contract or guarantee foreign loans on behalf of the republic.

## Editorial on creation of Ombudsman

HK290628 Manila THE NEWS HERALD in English 28 Jul 86 p 4

[Editorial: "Ombudsman To Deter Graft"]

[Text] At this writing, the Constitutional Convention has passed on second reading a proposal for the creation of the Office of the Ombudsman.

The draft provision places on the shoulders of the proposed anti-graft body the responsibility of checking abuses or misdeeds of government officials, cut red tape and take action on grievances of citizens against any government agency or official.

The Office of the Ombudsman shall be distinct from the Tanodbayan which under the proposal would continue to function as the prosecuting arm against graft and corruption in government.

There is much merit in the proposed provision which takes into serious account the inherent imperfection in any government. Anything wrought by man is subject to his foibles and weaknesses and no matter the moral strength of the leadership, there will be those who can be waylaid by the temptations accompanying authority and power.

A watchdog that will prevent or not allow to go unpunished public officials' corruption in any form is particularly necessary because the charter to be ratified by the people contains a provision that constitutionalizes a very likely source of fiscal irregularities -- the post-audit system.

As the term implies, the system requires the checking of expenses after they have been made. It is a practice instituted in the past era, and as everyone by now should know, auditing government expenses after they were made did this country little good, especially in light of the infamous hidden wealth.

The main argument against pre-auditing of public expenses is that it tends to get in the way of vital projects. Every government official raring to do so many things for his country feels hamstrung by the requirements of preaudit. Officials want a freer hand in carrying out their programs, and having to justify expenses before they are made throws a monkey wrench into their well-intentioned plans.

The main point against post-audit, on the other hand, is that it makes more possible fiscal malfeasance. The unscrupulous among our government officials could take advantage of the vast opportunities for self-aggrandizement that post-audit opens up -- and let the devil take the hindmost. True, the provision for post-audit in the proposed constitution incorporates a sort of safeguard against abuse: the post-audit method can be replaced temporarily by pre-audit under certain circumstances, but who is to determine when the change is to be done?



In the event that some officials prove too human and succumb to temptation (which is not unlikely even in this dispensation), the Ombudsman will come in to prevent the tide of corruption from ever again overrunning these shores.

#### Editorial Calls for Election Rules Change

HK030131 Manila FILIPINO TIMES in English 25-31 Jul 86 p 4

[Editorial: "Change Election Rules"]

[Text] The Constitutional Commission (Concom) recently approved a return to the old Congress, the same structure prior to the declaration of martial law. Various groups and organizations, mostly from people's power groups, expressed concern that such a return will also mean the revival of the elitist type of politics prior to martial law.

The bicameral legislative system is actually patterned after the American political system. Its approval reflects the kind of orientation most of the Concom members have. If it is any indication, the more controversial issues such as the U.S. bases will result in a conservative victory.

A look at our experience with the old Congress would show that as a rule, only the elite could actually gain seats in the legislative body. The same is true in the United States; most members of the Congress come from the wealthy and privileged.

Efforts must now be made to change our election laws. The new Congress can only be made more democratic if election rules were not so biased against the rich. All obstacles which create disadvantages to poor contenders must be eliminated.

For instance, there is a proposal from a Mindanao group which prevents electoral representatives from waging a campaign. Government will simply post all electoral contenders and their platforms in bulletin boards, through media and other venues. Individual campaigning can be limited or banned. Equal access to media must be ruled and election fees which discriminates against the poor should be abolished.

These safeguards must be adopted. Otherwise, only the peninsulares and insulares will be able to gain seats in the new Congress. The interests of the indio will remain muted and repressed.

Such a return to elitist politics would only reverse the people's democratic gains acquired from the February revolution.

#### Tatad on Ratification

HK300444 Quezon City BUSINESS DAY in English 29 Jul 86 p 4

["Here and Now" column by Francisco S. Tatad: "Insuring Ratification"]

[Text] Some groups have threatened to campaign against the ratification of the new Constitution should it fail to ban foreign military bases



from the Philippines. Other groups have made the same threat should it fail to provide for new and immediate presidential elections.

Despite the threats, the new Constitution is certain to contain no provision against the bases, and no provision that gives Mrs. Aquino less than the full constitutional term of a duly elected president. This means that if the threatening groups mean what they are saying, they will simply have to make good their common threat and campaign against the ratification.

We should then be seeing a hotly contested campaign for ratification. Ordinarily, such a campaign is more of a formality -- once the draft Constitution is placed in the hands of the people, the debate on the merits is presumed to be substantially over, and ratification is expected to follow as a matter of course. The sponsoring government is normally able to predict ratification.

The opponents of ratification represent large interests, and could be as well-oriented and as well-funded as those interested in the ratification. And without the usual law making it compulsory for all voters to vote, they would have a potentially greater ability than they would otherwise have in persuading voters to oppose the Constitution or to boycott the plebiscite.

In a recent TV forum, Fr. Joaquin Bernas, the Jesuit constitutionalist at the Concom [Constitutional Commission], was asked what would happen if the people rejected the new Constitution. He said that in that event President Aquino would have to continue governing on the basis of Proclamation No 3, otherwise known as the Freedom Constitution.

Could it be that painless or that simple, I wonder? My own assessment is, if the new constitution is rejected, it would mean a repudiation -- that is to say, the people have refused to constitutionalize Mrs. Aquino's government, and she would have to step down or call new and immediate elections.

This, too, is the perception of those who are demanding early elections. For this reason, this group, rather than those who will oppose the Constitution for failing to ban foreign military bases, is expected to be the more active in campaigning against the ratification. Anyone who wants the bases out could go on demanding a policy that would ultimately get rid of the bases; but, those demanding that Mrs. Aquino seek a new mandate, if ignored by the Concom and the people, will simply have to wait for 1992, when her constitutionalized term expires.

Thus, anyone who wants presidential elections now, rather than later, will have to make sure that Constitution does not give her a full term, or that, if it does, the Constitution itself is finally rejected by the people.

one government minister has accused the remnants of the old IBL of allocating P5,000 per barangay for the purpose of waging war on the new Constitution. This has been denied. But true or not, it is not remote that the interested parties will spend whatever is needed or whatever they can afford to force early elections. And with all due respect to the government, it is not the fragmented KBL alone that is, or ought to be, interested in such elections.

From Mrs. Aquino, this requires a more imaginative and aggressive response. Given the fact that the Concom has only 48 members, all of whom were appointed rather than elected, it is doubtful that non-Concom members will be as eager as the commissioners in campaigning for ratification.

Now, some have suggested that by holding local elections simultaneously with the ratification, the government would in effect be making every one of its candidates an active campaigner for ratification. Proponents of this idea go so far as to say that, given the nature of our local politics, the local opposition candidates would not want to take on the central party in power and would probably end up not saying anything against the new Constitution. They estimate that in the end, there would be more people campaigning for, or at least not campaigning against, ratification.

Quite apart from this, the holding of local elections simultaneously with the ratification presents at least two specific merits. First, it would help to stabilize the local government as quickly as possible. Second, it would make the next elections, as a process, a lot easier. With 24 senatorial seats and 250 members of the national assembly up for election, each voter will have to write 25 names for the legislature alone. Were the local and legislative elections to be held at the same time, the voter of an average province would have to write about 40 names. That would provide enough justification for bloc voting, and that, in turn, could bring back some of the worst evils which the new Constitution is determined to cure.

#### Bayan Criticizes Affiliations of ConCom Members

HK041250 Manila THE MANILA CHRONICLE in English 2 Aug 86 p 3

[By staff member Marites Sison]

[Text] The Militant Bagong Alyansang Makabayan (Bayan) [new people's alliance] will expose Constitutional Commission members who are advocates of foreign and other interests inimical to the country.

In a press conference yesterday, Bayan said it has found that some Concom members are lawyers of multinational corporations, were involved in the "payolas scandal" in the 1971 Constitutional Convention, and are fronting for Eduardo Cojuangco, crony of deposed President Marcos.

It said it is doing a background check on these Concom members to determine how their personal interests would affect their decisions on issues concerning the country's national sovereignty and patrimony.

The group expressed alarm over what they said were "reversals of seemingly progressive trends in the Concom."

It was worried, for instance, that while the anti-bases sentiment prevailed at the committee level, there was "a big possibility" that this decision would be changed in the plenary session.

It said 28 Concom members are for the military bases against 17 commissioners.

Bayan also expressed anger over U.S. meddling in the Concom. It said some U.S. embassy officials have been holding "one-on-one talks" with commissioners to convince them to retain the bases.

Research grants are being dangled before some commissioners, it said.

Bayan denounced former Labor Minister and now Concom commissioner Blas F. Ople for being "strongly pro-US."

Ople pretends to be populist by suggesting that the bases issue should be subjected to a referendum, it said. "Actually, (this) is just a maneuver to buy more time for the U.S. government and their bases."

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CSO: 4200/1301

EDITORIALS VIEW JOB CREATION PROGRAM

Program Welcomed

HK041025 Manila PHILIPPINE DAILY INQUIRER in English 2 Aug 86 p 4

[Editorial: "The Aquino 'Make Work' Program"]

[Text] The administration's proposal to spend P3.9 billion for an emergency employment program to give jobs to one million jobless Filipinos may be proof that the government is doing something positive to get the "engine of business" moving.

Since this is not an election year, the employment of one million Filipinos will have little political effect but could generate enough income in the rural areas to increase the buying power of rural residents.

With such an increase in purchasing power, demands for goods and services would increase, thus motivating businessmen to increase their investments to meet production demands.

In effect, this program which will be administered by the NEDA [National Economic and Development Authority] may be the primer needed to get the pumps of industry moving and contributing to economic activity, an event which the administration has tried to accomplish by scolding the businessmen.

With such a prospect of profits through an enlarged market, Filipino businessmen and industrialists will need no threats or cajoling for them to expand their businesses and foreign investments should follow the lead of the Filipino businessmen.

The fact that the program will be monitored by private, non-government groups is also an inspired idea since the traditional thievery that accompanies political programs on this scale would be reduced, if not totally eliminated.

A word of caution is, however, necessary in view of the experience gained during the Macapagal administration when a similar agency was set up called the Emergency Employment Administration [EEA]. In that late unlamented EEA, most of the money was used to purchase wheelbarrows and shovels and other equipment which piled up and rusted in various warehouses.

Diverting the funds is one method of defeating such a project and the administration should set up control mechanisms whereby the crooks in government do not siphon off the money into over-priced equipment, administrative salaries and other forms of graft and corruption.

It is certain that the prospect of having P3.9 billion to spend is already whetting the appetites of the various crooks in government.

#### EXPRESS Views Job-Creation Program

HK040936 Manila THE NEW PHILIPPINES DAILY EXPRESS in English 2 Aug 86 p 4

[Editorial: "Jobs, According to Aquino"]

[Text] The Aquino government has launched a massive emergency employment program involving a mind-boggling P3.9 billion. As announced by Malacanang, the program calls for the implementation of small-scale infrastructure projects, mostly in the countryside that are, first and foremost, labor-intensive.

These include, according to the Palace announcement, feeder roads, communal irrigation systems, reforestation, construction of school buildings, and maintenance of existing infrastructure facilities.

The program is by no means novel. This concept of providing instant employment to large numbers of people as a stop-gap economic and social measure in times of grave economic difficulties was first initiated in a massive manner by President Roosevelt at the height of the American depression in the early 1930s. Known as the Works Project Administration, the program was relatively successful, and is in fact credited for much of today's highway and freeway system in the U.S., its beautiful forests, and even its advancement in certain areas of culture and the arts.

Here at home, a similar program was undertaken during the administration of President Macapagal. But largely because of lack of foresight and inept implementation, it was a failure.

In launching its own program, the Aquino government should learn not just from the successes of Roosevelt's WPA, but also from the failure of Macapagal's Emergency Employment Administration project. The WPA was a success because it was relatively unattended by corruption. As a result, it contributed to the development of the country without having sacrificed its primary objective of providing temporary means of livelihood to millions of Americans displaced by the depression.

In the case of the EEA, it became a failure because of unimaginative planning, in that the projects were centered largely in the urban areas. Also, corruption seeped into the program, resulting in scandals that rocked the administration of President Macapagal.



Assuming that the money will indeed be available, the President should start out by setting the priorities and establish the guidelines to ensure that this huge appropriation does not become another "pork barrel." This word of advice is relevant. One-third of the P3.9 billion will be for the salaries of those to be employed under the program. This means that two-thirds, or P2.6 billion, presumably will be for materials and administrative costs. Considering that at least two political exercises will be held during the lifespan of the project, the temptation to use the program as a political weapon might become too great to resist.

In any event, the EEP is an opportunity for the Aquino government to show that in administering the affairs of the nation, it can do more than just punish people for their past associations.

#### CHRONICLE Hits Employment Plan

HK060305 Manila THE MANILA CHRONICLE in English 5 Aug 86 p 4

[Editorial: "Emergency Employment -- Another Pork Barrel?"]

[Text] The first phase of the Aquino Government's emergency employment scheme calls for the opening of 685,549 jobs within the next five months. The jobs will be mainly in public works and that phase will cost around P3.9 billion.

No one can seriously argue against the principle of job creation schemes because these essentially generate incomes which, in turn, stimulate production of goods. But we are a bit worried about whether the program has been carefully planned to prevent it from becoming a huge political pork barrel, given our traditional experiences in similar schemes in the past.

More than half of the jobs to be opened - exactly 450,000 - would be with the Ministry of Public Works and Highways, which is the traditional channel for the distribution of patronage. It is not exactly known who will be in charge of the program on the local level, although there are indications the local officials or OIC's [officers in charge] may play key roles in hiring people.

It is also not clear who will determine what infrastructure projects will be built, where they will be located and how much money will be allocated for each. These details require careful planning if the program is to succeed in its objectives of creating incomes for rural people, as well as of stimulating the rural economy.

It is perhaps just coincidental that the program will be under way in five months or very close to a period of the plebiscite on the new Constitution and the elections for local officials and members of the new legislature. This coincidence does not diminish the urgency of launching at the earliest time a mass employment scheme. The Government will no doubt



benefit from this, and it is important for the Aquino presidency to continue to win popular support to give her government a broader institutional base against disruptive elements.

What concerns us is that without rational planning, employment schemes could easily transform into a huge pork barrel from which local officials could draw patronage to buy off voters, especially in the local elections.

The President has made clear she has no taste for pork barrel politics and we can believe her. Her aversion for the patronage system stems from her own experience in past elections in which former President Marcos and the KBL machine mobilized the entire pork barrel resources of the State to try to defeat her. Until now, the remnants of the Marcos patronage system still hold substantial resources which can be used against her.

The key to whether the employment program would dissipate into a wild spending spree or would achieve its rational goals is who will be in charge of it on the local level. There must be tight control of priorities from the top.

The other crucial factor is the planning of projects such that they all will promote recovery and growth of the rural economy. The economy cannot just afford billion as pesos going down the drain. The last time we had an emergency employment program was during the Macapagal presidency. The money disappeared into projects within months - and there was nothing to show for the expenditures in terms of economic growth.

#### Editorial on Positive Action

HK051539 Manila THE NEW PHILIPPINES DAILY EXPRESS in English 5 Aug 86 p 1

[Editorial: "Finally, Something Positive"]

[Text] After five months of a seemingly single-minded preoccupation with the negative aspects of governance, we are getting some positive actions of sorts from the Aquino government.

Last week and over the weekend, President Aquino initiated a couple of programs that hopefully indicate that the new government is finally moving into the area of social concern.

First, the President launched a P4 billion Emergency Employment Program to ease the economic difficulties in the countryside generated by unemployment, underemployment and economic inactivity. Then she reactivated the Pag-ABIG [housing scheme] Fund which she suspended last May in what could only have been an emotional reaction to this kind of holdover project which falls under the general category of "vestiges of the Marcos regime." As a corollary measure, Mrs Aquino integrated five agencies of the government involved in housing, not only to render them more efficient, but also to give impetus to the Pag-IBIG program.

It is too early to pass judgment on the merits -- or lack of them -- of the President's actions, except perhaps to make passing recognition of their urgency and to caution against their possible abuse. Employment and livelihood, and housing have always been a problem for our people, and any government initiative in this direction is almost always welcome.

What is significant at this time is that the Aquino government has started to do its homework, as it were. Activities like providing means of livelihood to our people in the rural areas or arranging housing financial may not produce headlines in the foreign media, but in the final analysis, they are what good government is all about.

It is not the people's fault that governmental powers are overly concentrated in the presidency, such that the Chief Executive has to act and solve virtually every problem. Until this defect in the structure and orientation of government is corrected -- hopefully through the new Constitution now being fashioned by the Constitutional Commission -- the President simply must find time to attend to such trivial matters as specifying how much an employer should put in as counterpart for his employee's contribution to Pag-IBIG.

The task is tedious, no doubt, even unglamorous. But it's part of the job. Neglect or inaction would adversely affect -- as it has even now -- wide sectors of society, and cause widespread difficulties, if not sufferings.

Let's have more of the same from Malacanang.

/11624

ESG: 4200/1301

## PHILIPPINES

### BRIEFS

**BAYAN LINKED TO NPA VIOLENCE**--Two NPA commanders arrested in Panay revealed the involvement of the Bagong Alyansang Makabayan [New Nationalist Alliance-Bayan] in violence committed by the NPA in the said province. This revelation was reported in an intelligence report by the RUC [Regional Unified Command] 6 Command and published by the WESTERN VISAYAS (?TIMES). [Text] [Quezon City Radyo ng Bayan in Tagalog 0400 GMT 8 Aug 86] /8309

**NPA ALLEGED IN DISGUISE**--The Commission on Human Rights should not only investigate allegations of military abuses, but should confirm whether the abuses were indeed committed by men of the armed forces. Some of these were committed by NPA disguised as government soldiers. [Text] [Quezon City Radyo ng Bayan in Tagalog 0600 GMT 8 Aug 86] /8309

**BATANGAS DESIGNATED FOR REBEL RETIREEES**--The Batangas City government has launched a rehabilitation program for communist rebels who have returned to the fold of the law. According to Batangas City Mayor Jose Atienza, Barangay [name indistinct], which is a large mountainous area, is being set aside for use by NPA surrenderees. Former rebels will be given land measuring 500 square meters as well as P1,500 each to buy housing materials. Atienza said the program aims to attract NPA members and other rebels so they can return to the fold of the law and lead peaceful and useful lives. [Text] [Quezon City Radyo ng Bayan in Tagalog 0200 GMT 8 Aug 86] /8309

**LAUREL'S FIRST VISIT TO CEBU**--Vice President and Foreign Minister Salvador Laurel arrived in Cebu City this morning to [words indistinct] and also to meet local UNIDO [United Nationalist Democratic Organization] leaders. This is Laurel's first visit to Cebu since he assumed the vice presidential office last February. This evening he will address officials and members of the citizens' legal aid society [words indistinct]. Later he will swear in new UNIDO members as Lapulapu City and Minglanilla. [Text] [Quezon City Radyo ng Bayan in Tagalog 0900 GMT 8 Aug 86] /8309

**U.S. HOUSE APPROVES AID PACKAGE**--The U.S. House of Representatives has approved \$350 million economic and military aid to the Philippines, including \$200 million in cash designed to help President Aquino correct the budget deficit. However, the House decided to reduce the cash transfer by \$20 million after some members said the request for \$250 million was more than enough [sentence as heard]. [Text] [Quezon City Radyo ng Bayan in Tagalog 0400 GMT 8 Aug 86] /8309

MANILA POLICE PLEDGE ALLEGIANCE--Four thousand members of the Western Police District pledged their allegiance to the Freedom Constitution at Rizal Park today. The oath-taking ceremony was witnessed by top Manila officials headed by acting Manila Mayor Mel Lopez, Jr. Western Police District Superintendent Brigadier General Alfredo Lim said the oath-taking was done in order to dispell any doubts about the Integrated National Police's loyalty to President Aquino's administration. Last week, Defense Minister Juan Ponce Enrile headed an oath-taking ceremony by soldiers at Camp Aguinaldo. [Text] [Manila Far East Broadcasting Company in Tagalog 1000 GMT 4 Aug 86] /8309

NPA ENCOUNTERS IN SOUTH--Government troops killed nine rebels in separate encounters in the south in the last 2 days. Region military commander Brigadier General Mariano Adalem said the three communist guerrillas were killed in (Umagat), Misamis Oriental yesterday. Two more were slain in encounter in (Sagbina), Surigao del Sur last week. According to Adalem, four NPA members were also killed in Agusan del Sur. No casualty on the government side was reported. [Text] [Manila Far East Broadcasting Company in Tagalog 1000 GMT 6 Aug 86] /8309

BASIS FOR MILITARY PROMOTIONS--Defense Minister Juan Ponce Enrile and Chief of Staff General Fidel Ramos affirmed that the basis for promotion in the Armed Forces is capability and performance and never the patronage system. Enrile and Ramos made the declaration on different occasions at Camp Aguinaldo recently. Ramos said that aside from the traditional requirement of seniority, the basis for promotions is merit, performance, and the ability of military officers. [Text] [Manila Far East Broadcasting Company in Tagalog 1100 GMT 6 Aug 86] /8309

AQUINO ON BANCO FILIPINO PROBLEM--President Corazon Aquino said she would look into the Banco Filipino problem. She made the remarks in a meeting with Banco Filipino officials when they paid her a courtesy call. The bank delegation was headed by (Aguirre), chairman of the board, and (Pedro Azenas), bank president. In an interview after meeting, (Azenas) said that they are hopeful that the said bank will be reopened based on the Supreme Court decision last Friday. Banco Filipino has some 1.7 billion pesos worth of deposits and almost 1 billion in cash, which according to (Azenas), are sufficient to pay off its obligations to depositors. [Text] [Manila Far East Broadcasting Company in Tagalog 1000 GMT 7 Aug 86] /8309

TOWNSPEOPLE SEEK MILITARY PROTECTION--Residents of four towns in Nueva Ecija have asked for military protection against worsening terrorist abuses by the New People's Army in their region. Reports said that the NPA has killed 12 persons in the last 2 months alone. The people from Rizal, Bongabon, Talavera and Satisfidad urged the authorities at Camp Olivas to set up a military detachment in order to prevent NPA abuses in the respective towns. Lieutenant Colonel Eduardo Batillana, Nueva Ecija IV (Philippines Constabulary) commander, said the recent withdrawal of PC troops from the barracks closest to the four towns which was brought about due to complaints from some quarters, is the reason for the growth of NPA strength in the said region. [Text] [Manila Far East Broadcasting Company in Tagalog 1100 GMT 7 Aug 86] /8309

**ELECTRIFICATION ROLE IN COUNTERINSURGENCY**--Defense Minister Juan Ponce Enrile said that aside from bringing light and convenience to many homes, the rural electrification would greatly help in the counterinsurgency campaign. Speaking before the Federation of Electrical Engineers of the Philippines, he said electrification is an effective weapon in the counterinsurgency campaign. Enrile condemned NPA murders of, and ambushes against military engineers who were starting electrification programs in remote areas. He said that with the success of electrification program, villages could develop more (?rapidly) and the government's campaign against its enemies would similarly make progress. [Text] [Manila Far East Broadcasting Company in Tagalog 1000 GMT 8 Aug 86] /8309

**AQUINO REJECTS PRC APPLES**--President Corazon Aquino rejected a request by the National Food Authority [NFA] to import some 5 million pesos worth of apples from the People's Republic of China. Agriculture Deputy Minister and NFA administrator Emil Ong did not state the reason for the President's decision. Earlier, the President also turned down a request to import canned sardines. Emil Ong said the import of apples would have been beneficial to the country since it would not have required dollar allocation. [Text] [Manila Far East Broadcasting Company in Tagalog 1100 GMT 8 Aug 86] /8309

**LAUREL VIEWS GREEN CARD RESOLUTION**--Vice President Salvador Laurel assailed a resolution being drafted by the constitutional commissioner forbids government officials to hold green cards. Laurel said that such resolution should not be included in the Constitution, even though he added that he agrees with the regulation. What Laurel opposes is the inclusion of the resolution in the Constitution, saying that the Constitution should cover only principles to guide the country and government in formulating policies. [Text] [Quezon City Radyo ng Bayan in Tagalog 0400 GMT 30 Jul 86 HK] /12624

**BANKERS SUPPORT PCCG**--The Bankers Association of the Philippines has strongly denied reports that it disapproves of the work of the Presidential Commission on Good Government [PCGG]. The association expressed its support for the PCCG and said they are actively engaged in assisting the commission in regarding Marcos' hidden wealth. A newspaper report earlier said the association was critical of the PCCG for indiscriminately sequestering property and freezing funds belonging to associates of former President Marcos. [Text] [Quezon City Radyo ng Bayan in Tagalog 0400 GMT 13 Aug 86 HK] 12228

**CENTRAL MINDANAO CHDF REORGANIZED**--A reorganization of the Civilian Home Defense Forces [CHDF] in Central Mindanao is underway. The aim of the reorganization is to weed out undesirable members of the forces in Central Mindanao. Captain Jose (Gamos), 3d Home Defense Force Battalion commander, who is in charge of the CHDF in Central Mindanao, made the announcement, adding that the military will not tolerate CHDF members who commit abuses. [Text] [Quezon City Radyo ng Bayan in Tagalog 0900 GMT 13 Aug 86 HK] 12228

**21 AUGUST NATIONAL HOLIDAY REJECTED**--President Corazon Aquino objected to declaring 21 August, the third anniversary of the death of her husband, Benigno Aquino Jr, as a national public holiday. In a press briefing, deputy spokesperson Alice Villadolid stated that the president opposes any proclamation in favor of her family. According to Villadolid, Aquino's supporters strongly



demanded that 21 August be observed as a national holiday, arguing that Ferdinand's death paved the way for the return of democracy to the Philippines. Nonetheless, Executive Secretary Joker Arroyo announced that 21 August, birthday of late President Manuel L. Quezon, will be a nonworking holiday in Quezon City. /Text/ /Quezon City Radyo ng Bayan in Tagalog 1000 GMT 13 Aug 86 HK/ 12228

CAPCOM CHIEF OPPOSES POLICE CONTROL-- CAPCOM /Capital Command/ Commander Brigadier General Ramon Montano objects to the return of total police control to local officials in Metro Manila. He fears that the local officials would misuse their powers once they gain control of the police force, adding that police troops might be used to protect illegal activities. At the same time, he said that the PC-INP /Philippines Constabulary-Integrated National Police/ agrees to share balanced responsibility with Metro Manila mayors in maintaining peace and order. /Text/ /Quezon City Radyo ng Bayan in Tagalog 0300 GMT 12 Aug 86 HK/ 12228

PRIVATE ARMIES IN NUEVA ECIJA--Nueva Ecija Acting Governor (Noli Santos) revealed that private armies continue to exist in his province, but he declined to disclose the names of those who maintain private troops. The issue of private armies was discussed at a forum in Quezon City. Nonetheless, Santos cited incidents of shooting in Nueva Ecija caused by warlordism and private armies of ousted KBL leaders. In this connection, a group of armed men with armies attacked Santo Domingo Town where four men were killed and many others wounded. /Text/ /Quezon City Radyo ng Bayan in Tagalog 0300 GMT 12 Aug 86 HK/ 12228

DEPUTY AGRICULTURE MINISTER TO WASHINGTON--Agriculture and Food Deputy Minister Emil Ong is going to the United States next week. He is expected to sign an agreement with American officials for more food exports to be sent to the Philippines through the U.S. aid program. Ong told the Philippine News Agency that he will meet with officials of the U.S. Food and Drug Administration in Washington, where the agreement will be signed. /Text/ /Quezon City Radyo ng Bayan in Tagalog 0700 GMT 11 Aug 86 HK/ 12228

FREEDOM PARK IN QUEZON CITY--Acting Quezon City Mayor Simon Jr /no first name is as heard/ announced that an executive order has been issued declaring the Quezon Memorial Circle a freedom park for Luzon. Simon said national law No 888 specifies that a freedom park be set up to provide a venue for citizens wishing to freely air their views and complaints without fear of arrests or threats. He said his office will ensure that law and order are maintained in the park. /Text/ /Quezon City Radyo ng Bayan in Tagalog 0800 GMT 11 Aug 86 HK/ 12228

\$40 MILLION CANADIAN AID--The Canadian Government is granting \$40 million in financial aid to the Philippines for the next 3 years. This was announced by Russell Davidson, Canadian ambassador to the Philippines, at a Rotary Club meeting in Bacolod City. Davidson said the the Philippines at present is receiving \$400,000 in aid from the Canadian Government. He mentioned that Philippine-Canadian relations date back to 1925. /Text/ /Laoag City Nation Broadcasting Company DWRI Radio Station in Iligan 2300 GMT 10 Aug 86 HK/ 12228

MARCOS REACTS TO HAWAII POLL--In Hawaii, despite a published newspaper poll showing that two-thirds of the respondents want Marcos to leave, the deposed Philippine president claims that Filipinos and other Hawaiians want him to stay. He added that the Mothers' Day rally for him and the recent election of pro-Marcos officers to the United Filipino Council of Hawaii prove he is still welcome. The HONOLULU ADVERTISER had earlier reported that 68 percent of its 808 respondents want Marcos to leave Hawaii, 17 percent want him to stay, while the remaining 19 percent are undecided. /Figures as heard/ /Text/ /Laoag City Nation Broadcasting Company DWRI Radio Station in Iligan 2300 GMT 10 Aug 86 HK/ 12228



CHIRAYU DISCUSSES TANTALUM PLANT FIASCO, REGIME POLICY

Bangkok SU ANAKHOT in Thai 9-15 Jul 86 pp 18-22

[Interview with Dr Chirayu Isarangkun Na Ayuthaya, the minister of industry; date and place not specified]

[Excerpts] [Question] Few people feel that the events in Phuket are the responsibility of just the minister of industry. Most people feel that this is the responsibility of many sectors.

[Answer] I, however, feel that the responsibility is mostly mine. Because I am the one who tried to solve this problem. This was a problem of the Ministry of Industry. Sometimes we have to realize that others must play a part. The Ministry of Industry can't do everything by itself. But I did discuss matters with other sectors. I didn't assume that I was clever enough to solve all the problems.

[Question] Actually, this problem arose around the beginning of the year. It has been growing worse ever since the first of the year.

[Answer] Since March.

[Question] Dr Wathannu, an advisor to the prime minister, has been involved in this. He once served as the president of the Association for the Protection of Works of Art and the Environment. As an advisor to the prime minister, he probably conducted studies and obtained data.

[Answer] He suggested talking with all sectors and with Dr Suraphon. I had a chance to talk with him once after 1 June. I talked with my subordinates and with 15 conservation groups. But this did not help us to find a solution to the problem. It did help us to understand them better, particularly the fact that they opposed this with pure intentions. We gained a better understanding of why this happened. Because all of these people are interested in the truth, we thought that the way to solve this problem would be to reveal the facts. Once they knew the facts, each side, including the people of Phuket, might decide to ignore the facts. But that was another matter. But at least the facts would be known. We tried to talk with people and get them to understand as best we could. I think that if we want to do something, we have to begin by clarifying the matter. As I said, this began around March. There began to be

opposition in Phuket. Minister Chan received information and reported the matter to the prime minister. The prime minister questioned the Ministry of Industry. That was the first time that I learned the details. That was when I learned about the tantalum plant. I told the prime minister that there shouldn't be any problem.

That was in March. We clearly stipulated that if the plant could not meet the environmental standards, we would not grant it an operating license, that it, it could not begin operating. In Phuket, there was much interest in the environmental problems. That was fine. We had agreed that the environmental conditions would have to be met first. Otherwise, the plant would not be granted an operating permit. That was feasible. Then the matter died down for awhile. Later, there were reports that there was going to be a large demonstration. On 1 June there was a demonstration by approximately 70,000 people. Because of that, since 1 June I have spent about 80 percent of my time trying to solve this problem. Because it is a major issue when 70,000 people demonstrate. That is not a minor matter. It was after 1 June that I began meeting with people, who made various suggestions.

The conservation groups said that the matter had gone too far for discussion. What was the problem at that point? If they had said that they couldn't accept the plant at the time that there was talk about tourism or if they had said something at the time that investors asked permission to build the plant in Phuket, the problem could have been solved quite easily. That is, plant officials could have been informed about the feelings of the people of Phuket and told not to build the plant there. From the economic standpoint, there wouldn't have been any problem locating the plant elsewhere. The problem would have been easy to solve. But they waited until the plant was 95-percent finished. Billions had already been invested. This is what the Ministry of Industry finds so difficult to accept.

During the period 1-23 June, we learned that the people of Phuket were very much opposed to this and that there was little chance of their accepting this. But we continued to hope. If it was proven that this would cause pollution, we could forbid the plant from opening without violating the conditions agreed on with plant officials. But if it was shown that this would not have an adverse effect on the environment, we hoped that this would ease the fears of the people of Phuket, who were afraid that this would cause environmental problems.

Besides that, if the people of Phuket refused to accept the plant regardless of the facts, the government would have to reach an agreement with them on what help to provide. There was still time to get the facts. If the plant had failed to pass the pollution standards, that would have ended the matter. The government would have had an excuse to keep the plant from going into operation. But the people wanted the Ministry of Industry to make a decision by 2 July. They demanded that the plant be closed. Actually, that did not make sense, because the plant had not yet gone into operation. I don't know how you can order a plant that has not yet begun operations to cease operations. But

the people wanted us to issue a clear statement saying that we would not allow the plant to open and that the plant would be moved. We could not do that until we had collected all the facts and discussed the matter with plant officials.

That gives you an idea of what happened and the difficulties. There are many people who criticize the government for not making a resolute decision. They wonder why the government did not make a decision more quickly instead of allowing the matter to grow worse and worse until things exploded. But actually, it can be seen that during the period 1-23 June, we worked very hard to get all the facts by 2 July, which is the deadline that they had set.

[Question] Before the violence erupted, at a provincial council meeting, a shareholder who is from Phuket announced that he was withdrawing. Weren't you informed of this?

[Answer] Yes. And I understood why this shareholder had to withdraw. That showed how strongly the people of Phuket felt about this. During the period 1-23 June, I tried to make people understand. I tried to get them to remain calm. They sent me documents and wrote letters. From these, I understood clearly how they felt about this.

[Question] How the people of Phuket felt is quite clear. But among those who understand this problem, there is great concern about investments. What does the government think and what is its policy on this?

[Answer] I favor conducting a thorough study to determine how this happened. A moment ago we talked about the great ground swell of emotion. But how did this start? I think that sociologists and other social scientists should study this.

Why should this be studied? Not in order to determine who committed a crime but in order to determine how this happened. Once we know why this happened, particularly concerning those who had honest intentions, we can take steps to ensure that it never happens again or to prevent something like this from happening again. This was a rather unique event. It was due to a combination of factors.

It was due in part to a lack of confidence in the government's system of supervising and considering matters. That was a general feeling.

It is not surprising that the people of Phuket grew alarmed since there were so many different factors at work. They grew alarmed, and in addition they lacked confidence in the state's mechanism. Many people have criticized us for not explaining things to the people more quickly. We had just begun to explain things. But instead of listening to us, their reaction was even stronger, as if we were trying to fool them.

[Question] Don't you think that before granting permission to build the plant, the government should have done things in stages or done something to show people that it was concerned about pollution?

[Answer] We were doing that. Even since Minister Michai came, much work has been done on environmental issues. This is something that made the state.... However, as far as localities or industry is concerned, I think it will take time before people gain confidence. Something that I have noticed about the evolution of industrial development in Thailand is that environmental concerns have been voiced by industry itself. Modern industry has looked at itself. It knows what it must be concerned with if it is to stay in the communities. This is good. They have disseminated information about this. They have established standards for preventing accidents. This is true for many of the modern plants that I have visited. They know that they have to be concerned about safety. They are the spearheads. But there are also industries that have not advanced and that do things carelessly. The Ministry of Industry should monitor these industries very carefully.

The Environmental Division discussed the tantalum plant almost 2 years before permission was granted. We understood the business facts. The investors were late in informing us. Did they do that on purpose? But the investors told us that if we did not grant permission, they would go ahead and conduct studies and surveys. We thought that for such an important investment, stipulating conditions already posed a great risk for the company. And so we gave them permission to build the plant on condition that they could not go into operation until they had met the environmental standards. We thought that this provided both sides with a suitable guarantee. They could go ahead, but they risked not being about to put the plant into operation if they did not give enough attention to the environment. The Ministry of Industry had to weigh things constantly. If we had said "no, you have to provide us with a complete set of environmental reports before we will issue you a building permit," they might have had to wait until 1986 to begin construction.

[Question] Those who question the government's efficiency in considering such matters feel that if permission is granted ahead of time like this, once the plant is completed it will always be allowed to go into operation. The way that things have been done is like trying to box with your hands tied together. Once they have built the plant, they have to be allowed to go into operation.

[Answer] That is the risk they take. We have set conditions for granting a permit. They know this right from the beginning. If we did not set such conditions, if they invested a billion baht and we did not allow them to go into operation, they could sue us for damages. It is not a matter of granting them a building permit and then setting conditions and granting an operating permit. Most of the problems that the people see are caused by illegal plants. Minister Michai is trying to monitor this. He feels the same way. This is a problem of plants going into operation without getting a permit. We have arrested people and ordered them to cease operations. But to shut down a plant, we have to file charges in court. While they fight the case in court, they continue operating. We don't have the right to stop them. The case might be heard in three courts. Sometimes, even though we win the case, they have to pay only a small fine. If they lose and the court orders them to cease operations, they shut down that particular plant and immediately start up operations somewhere else. And so we have to go through the whole process once again.



[Question] There are many problems that need to be solved. What do the operators of the tantalum plant plan to do now?

[Answer] They have submitted the matter to the government. That is, they have informed me that they plan to continue with the project. But they can't do this in Phuket. To continue this project, they will probably have to request help from the government. Because they have lost almost all the money invested. It's like having to walk for several hundred miles while carrying a heavy rock. They have asked if there is any way that the government can help. The government will probably have to consider what happened to them. The government has a moral obligation. The result was way out of proportion to the cause. What can we do to help them? In what ways would the tantalum project benefit the country? By relying on these factors, the government can announce that it intends to help those who suffered losses as appropriate and that this is something that should continue.

[Question] Even if the tantalum plant is moved somewhere else, what steps have been taken to ensure that the same sort of thing does not happen again?

[Answer] Facts must be obtained by scientists who are neutral in this matter. The mass media has followed the activities of this committee. This project has been analyzed in minute detail. In short, there is nothing that could lead to a misunderstanding. Once the conclusions are announced, this will provide a good starting point for reaching an understanding with the localities and communities, assuming that a plant can be built. If we do this, it's unlikely that people will be able to incite others improperly. If the research results show that there are pollution problems, the people must be informed about whether the problems can be solved and what the risks are. The government, which has to make the decision on this, must be informed, too. We will have all the data, which will be provided by experts.

[Question] If it turns out that we cannot have such plants, will the government have to pay compensation?

[Answer] We aren't thinking about the government. We are not required to pay compensation for losses. This is not a government project. But we feel that we have a moral obligation. We would be happy to help them. This is a moral obligation. The government has stated that it will provide help as appropriate.

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CSO: 4207/290

## THAILAND

### COMMANDER DESCRIBES PARAMILITARY FORCES GROWTH, LOSSES

Bangkok KHAO PHISET in Thai 14-20 Jul 86 pp 11-15

[Interview with Maj Gen Chatchaloem Lekwanitthammawithak, the commander of the thahan phran irregulars (TPI), Royal Thai Army; date and place not specified]

[Text] [Question] During the 8 years that the TPI has been in existence, how have the forces been expanded? Because there are now 22 regiments.

[Answer] The 22 regiments that have been established are like ordinary infantry regiments. They are like infantry regiments that are understrength. The five regiments at Pak Thongchai are special affairs units.

[Question] What is the composition of the five regiments at Pak Thongchai?

[Answer] These are units that operate in a very economical manner. The structure of TPI units is such that they can be expanded or reduced in size quickly. For example, one of our regiments is composed of 12 companies. A regular infantry regiment is composed of three battalions, with each battalion composed of three companies for a total of nine companies. But we do not have battalions. Instead, 12 companies make up a regiment. But the actual composition is determined by the tasks assigned by the country or army. Some units have just six companies. Others have 8 or 12 depending on the nature of the task. The reason for this is that we select from among the people.

Suppose, for example, that something happens in Chiang Rai Province and there is much to do. We can bring the regiment up to full strength, that is, 12 companies. Once things return to normal, we can reduce the size of the forces so that we don't waste the army's money. We can reduce the size of the regiment to only six or eight companies. We do this all the time.

How can we do this? Troops come and go constantly. They volunteered, right? Once they have accomplished their mission, they leave. Whenever necessary, they rejoin. This cycle affects as many as 40 percent of these volunteers. The people, who are paying for this, might think that this wastes money. I would like to explain this. We keep records on each thahan phran irregular after they have completed training. The training period is very short, lasting only 30 days. This costs very little. They are given basic training. After that, the names of those who leave are entered into our computer files. Today, the



thahan phran irregulars are reserve forces of the army. These reserve forces of the army are very important.

I would like to talk informally. This is not a bureaucratic matter. It's a matter of combat bargaining power. Comparing our forces to those of the enemy, our forces are smaller than theirs. Thus, our system of reserve forces should be given much attention. It should be used to maximum benefit. Look at Israel and some of the small countries in Europe. They are able to save money. This is in accord with the policy of the present RTA CINC, who has said that he wants a small but efficient army. Just because thahan phran irregulars leave the force does not mean that we have wasted money training them. Because their names are all on file in the computer of the Reserve Affairs Department. In an emergency or in case of war, we have a reserve division. We can mobilize these forces and do not have to spend a long time training them. That is, we can give them a short training course in accord with that situation. We don't have to give them basic training. Time is a very important factor in a combat situation. And this is very economical. This is what we are doing.

[Question] But establishing 22 regiments in just 8 years seems very quick.

[Answer] Actually, although the TPI was established in 1979, our forces at that time were very small. It was not until 1983 that the size of our forces increased. It was just a few years ago, that is, in 1983, that things really began to take shape. The forces established prior to that were just trial forces that we had established to carry out a specific task. It was only in 1983 that we established forces with a definite complement of men. A short time later, in the struggle against the Communist Party of Thailand [CPT], we had a great advantage. For more than 10 years, no one had been able to score any victories over the 8th Regiment of the CPM [Communist Party of Malaya] in Betong in the south. But the TPI forces that were sent there eliminated that unit. It can be seen that in fighting the communist terrorists, we have achieved excellent results. Thahan phran irregulars are all volunteers. But regular soldiers are recruits. The two are quite different.

[Question] In short, the establishment of these forces is in line with the policy of the new RTA CINC.

[Answer] He is the one who started things. We are the officials he chose to carry out the work.

[Question] Twenty-two regiments seems like a lot. Many people wonder how you can refer to that as a "small" force.

[Answer] That's about nine divisions. You have to compare the size of the forces to their duties or tasks. Today, 5 regiments are assigned to the 1st Army Region, about 10 are stationed in the 2d Army Region, 11 are in the 3d Army Region, and about 6 are in the 4th Army Region [as published]. They are dispersed here and there. Actually, the Army still feels that there is a shortage of operations units and frequently asks to establish additional units. They complain of shortages. We are trying to satisfy their needs in other ways. For example, it may be necessary to divide a unit. This is difficult for regular forces. It is difficult to transfer units. But for the

TPI, if that is the policy of our superiors, we can do it, and we can do it using various forms. We can make adjustments at the regimental and company levels. We can make reductions here and expand there. This is economical. As for the size of the forces, that depends on the tasks. We have much to do. But if the work drops, we will have to make adjustments.

[Question] During the past 4-5 years, in waging a struggle to defeat the communists, the army has stressed operations. But now that the situation has changed, on what tasks will the TPI focus?

[Answer] Actually, the main task of the TPI is to defeat the communists. A secondary task is to cooperate with the main forces in defending the country. Another task is to train to protect the rear areas in a war. The main task has not yet been completed. As for the second task, there is no problem because we are not at war. But there are other problems. As you probably remember, the Sarasi Force was established in Prachuap Khiri Khan Province. The TPI had problems with the administrative officials there. I would like to note that customs and forestry officials requested TPI forces. Even certain police units requested help from the TPI.

Why? Because soldiers are local people and don't know too much about what is going on. The village youths and people who we recruit to serve the country don't know very much. They do what they are told. When they are told to close a point, they do so. When people tell them something, they don't really understand what is going on. This is what things are like. Thus, they like to use our people. The quality of the TPI forces is something that must be accepted. For example, in terms of education, a first-year TPI private can't compare with a police master sergeant. In terms of knowledge, they are at different levels. But in terms of honesty and willingness to serve the country, I can assure you that our forces are second to none. Problems arose because they carried out the tasks in a straightforward manner. They got into conflicts with them. That's the truth. And so it's worth noting that various units always request thahan phran irregulars.

[Question] The situation in the country seems to be normal. Everything has improved. Do you think that the tasks of the thahan phran irregulars will decline or will things stay about like they are now?

[Answer] As I have said, the future of the TPI depends on the world situation, on the situation in neighboring countries, and on the domestic situation. Those are the things that will determine the future shape of the TPI. I think that we should discuss duties this time. I told you that we are cooperating with the main forces in defending the border. You probably know that normally, our combat units must have a full complement of men. If the units are up to full strength, they set up defensive positions, go on the attack, or withdraw. But they can't do that, particularly in maintaining a defensive posture. Thus, the TPI can carry out some of the tasks in maintaining a defensive position. We don't have to keep our regular combat forces up to full strength. If I remember correctly, the cost of establishing an infantry division is about 20

billion baht. But it costs less than 5 million baht to establish a TPI company. Thus, you can't make a comparison. If you want to ask about policy matters, you must ask the new RTA CINC. I am just explaining things to you in my capacity as a TPI official.

[Question] Where along the border have TPI forces been stationed?

[Answer] We make use of the fact that our forces are from the local area. That gives us an advantage. We know the terrain in setting up defensive positions. Because our people are from those areas. The duty of the TPI forces is to delay the enemy and inform the regular forces of enemy incursions. Everyone understands this. We are trying to do things as frugally as possible. We do many other things to serve the country, things that I cannot discuss. But we are doing a good job.

[Question] At present, are we focusing on the western or eastern border?

[Answer] Our actual activities are secret. But because you are representing the people, I would like to say that we have deployed forces in the 1st and 2d army regions, which are our main areas of responsibility. In the 3d Army Region, TPI forces are deployed wherever there are problems with neighboring countries, such as in the case of the three villages and a few days ago in Laos. And in Chiang Mai, the army can make immediate use of these forces. They can use them immediately, and they don't have to pay allowances or other such things. We have already taken care of those things. That's it. This is a very economical way to form units. We use very few vehicles. For the most part, we walk. If we have to get somewhere quickly, we hire local vehicles. Thus, we don't have to recruit drivers and mechanics. We don't have to maintain logistics. That is not suitable for a poor country like Thailand. And doing things this way also distributes money to the localities, people in the private sector, and state enterprises that carry out tasks for us.

[Question] Can you tell us how many casualties there have been in the past 4 years?

[Answer] Every year, we lose more men than any other unit. From the number of funerals at Wat Pra Simahathat, it can be seen that we lose many men each year. We lost many this year, too. The number declined by just one. We suffer the greatest number of wounded, too. There are about 70 wounded thahan phran irregulars at the Phra Monkut Hospital right now. They have broken arms and legs and so on. They are just 15 and 19 years old. I feel very sad. But we receive aid from the government. That is, we have a project. We receive support from the Department of Public Welfare and various other units. They are given vocational training. The army provides good help concerning prosthetic devices. Besides that, people in the private sector, such as yourself, provide help. This is very worrisome, because it is a social problem. If large numbers of men lose important organs and limbs, what will we do?

Our forces and the army are concerned about this. The new RTA CINC has ordered us to solve this problem quickly. We must do something about the mine problem immediately. We have opened classes for all TPI regiments in operations areas.

We are receiving help from the Engineers Department, the Special Warfare Center, and the Infantry Center. They are helping train thahan phran irregulars in various areas. This will help reduce the danger. That is, it will help reduce the number of casualties.

[Question] Today, which border poses the greatest concern?

[Answer] We have stationed the largest number of troops in the 1st and 2d army regions. There are conflicts in both Cambodia and Laos. Because of this, we have to defend our border. We have to use many troops along that border. The army has formulated a good plan.

[Question] What do you think will happen in the east?

[Answer] That depends on politics. It is an international political matter. My personal view is that they are like gangsters who are angry at each other. If they can settle their disagreements, the thugs can stop fighting. This is an international problem. The great powers will have to reach a compromise. It depends on the situation and on how great the conflict of interest is.

[Question] Is anything happening along the western border?

[Answer] The reports that we have received show that Burma is still having problems with the minority groups. That's normal. We shouldn't worry about this. They have been fighting for many years. We are trying to minimize the effects of this.

[Question] Will this give the Burmese communists a chance to expand?

[Answer] I don't know very much about the situation in Burma. You will have to ask the chief of army intelligence. He knows a lot about that. There are some minor conflicts between Burma and Thailand.

[Question] The present BIA CINC has said that we must keep an eye on the danger from the Tanaosi mountains.

[Answer] Burma has internal problems. That is, the Mon, Marit, and others have split away. The Burmese are unhappy about the influence wielded by the Mon, Marit, and Karen. We know that in the north, the Mon have great influence. So do the Karen. Thus, they are not too happy. But I don't think that there will be any problem. In particular, our thahan phran irregulars are like guards. We are watching to see what they do. We are like guards posted in remote areas along the border. We use local people. We have a slight advantage.

[Question] Do you think that the capabilities of the TPI have increased very much?

[Answer] We are increasing our capabilities constantly. There are two aspects. As for our personnel, those who have remained with us and not resigned have received additional training. They have much experience. We have good methods of training new recruits. The quality of our personnel has increased greatly. Capabilities have increased on the combat, political, and work fronts. As for



weapons and materials, we are almost up to our full complement. This unit was established just recently and so the weapons are still in good condition. Both our men and weapons are in a state of combat readiness.

[Question] Are there any problems concerning salaries?

[Answer] The men are like employees in general. They are paid about 1,500 baht a month. Thahan phran irregulars are army personnel. There are presently six to seven grades. As for the seventh grade, we have to reach an agreement with the Ministry of Finance on those who have been in service 7 years. For those who have been in service 7 years, we have to ask the Ministry of Finance to raise them to Grade 7. As for those at Grade 4, they have to undergo additional training and pass a test before they can move up to Grade 5.

[Question] After the new RTA CINC took over, did he assign you any new tasks?

[Answer] He has already given us his policy in written form. He issued the booklet on 24 June. He assigned tasks concerning the struggle to defeat the communists. The tasks of the TPI are about the same as before. Very few changes have been made. Besides trying to increase work efficiency, we must try to be as frugal as possible. I want you to know that the thahan phran irregulars regard each baht used as the sweat and tears of the people. We are very frugal. Our operations are designed to save money. We are villagers and work like villagers.

[Question] There were reports that before the former RTA CINC was dismissed, thahan phran irregulars went to Bangkok.

[Answer] I want to state frankly that we are regular soldiers. Superiors appointed him to that position. We had to go offer our congratulations. We are disciplined soldiers. You can rest assured of that.

[Question] Before that, you came to Bangkok....

[Answer] That happened by chance. We had asked the regimental commanders to come attend a political seminar. We, too, are unhappy over the fact that we were asked to guard the roads. The police did not do a good job. They often left their posts. Only thahan phran irregulars were left. When the enemy tried to get through, the police told us to fire at them. The thahan phran irregulars obeyed them because they were much older. This firing led to problems. There are few laws to regulate our activities. We are forces of the Internal Security Operations Command. Thus, this is a weakness. We can't have people doing things that displease other people. That is not our job. It is not our duty to enforce the laws. Our only duty is to help those who are responsible for enforcing the laws in order to maintain peace in society. We held a seminar. When he was still the army chief of staff, the present RTA CINC told us to hold a seminar. But by chance, the change was made at that time. There was nothing behind that. There were confusing reports. But there was nothing behind that. As for progressive political ideas and that sort of thing, thahan phran irregulars don't have such ideas. They are villagers. They think like villagers. There was nothing strange about that.

[Question] But the regimental commanders all came as a group.

[Answer] No. No. My unit is not like that. We know each other. We are like brothers. The regiments work for the army. We hold a meeting every 2 months. I can assure you that each one is a professional soldier. People should study political matters. They should know what is going on. But we must carry out our duties.

[Question] What is your personal view on the new RTA CINC's policy of keeping the military out of politics? Do you think that this will be possible in practice?

[Answer] At first, nobody believed that the earth was round either. Even during the time of Queen Victoria, they still believed it was some other shape. But finally, it was proved that the world is round. I would like to ask you whether you think this policy is correct. (The interviewer said, "yes") If it's correct, it should be implemented. The question is, when will it be implemented? But the RTA CINC has said that this is the policy and so his subordinates must implement it. If we don't, we won't be able to get along. We would not be soldiers. Personally, I feel that the two should have been separated long ago. Each person has his own duties. I am a government official. I am paid by the people. My duty is to serve the people as a soldier.

[Question] Then in the past, the military played a major role in politics.

[Answer] I think that political and military issues are closely interwoven in all countries. But it depends on the level. Abroad, a senior military officer has the right to criticize things at a certain level. But he can't blast the government. He can go only so far. There shouldn't be any problem. We are like ordinary citizens. We pay taxes, too.

[Question] The situation in the country probably won't be as confusing as in the past. Do you agree?

[Answer] That depends. It depends on those who want to cause confusion. You know what Thai are like. In the past, coups were staged frequently. Crowds stood by boldly and watched. This can't be helped. A way must be found to make them understand.

[Question] What do you think about coups?

[Answer] Personally, I view that as an outmoded means. I am not a senior officer. That depends on the senior people. But personally, I view that as very oldfashioned.

[Question] But you aren't sure whether there will be another coup, is that right?

[Answer] We can't be sure. No one can say for sure. But one good sign is that popular support for this has declined. Recent coups have failed. We have reached this point. This should be a new age.



[Question] Does that mean that things must proceed in accord with the parliamentary system?

[Answer] We live in a democracy with the king at the head. We agree that we must have a democracy with the king at the head. But the political parties should clearly state what their economic policies are. They should state whether they are socialists or liberals so that the people can make a decision. Today, the parties all say the same thing. There is no way to make a choice. There shouldn't be any problems if they did things the way I just described. Given the world situation, the people can decide what sort of economic system we should have by voting for a particular party. In the next 3-4 years, if things are all right, they can vote for that party again.

[Question] There are presently two views on the issue of the prime minister. Some people feel that the party leaders are still not suited to serving as prime minister. Others say that we must have an elected prime minister. In view of this conflict and the present situation, do you think that Thailand lacks leaders?

[Answer] Personally, I don't think you can blame anyone. It's the people who are to blame. It should be up to the people to determine what things will be like. It's for them to decide. How can you blame anyone? If the people still have weaknesses, things will continue like today. Take England, for example. It doesn't have any problems.

[Question] Take the political parties, for example. If the political parties can't find a leader, they should be blamed, right?

[Answer] If they can't find a leader, how could they have formed a party? If it's a big party and they can't get along and are always fighting, they should divide into factions. One could have socialist views. That one could have liberal views. That is, concerning economic matters. But they would both agree on the political issue. That is, they would both favor a democratic system. The two factions could work together to solve the country's problems. There shouldn't be any problem. If the party members can't agree, they should divide into factions. A party could have several factions.

[Question] There shouldn't be any lack of leaders. The political leaders should be able to do things that way, right?

[Answer] Those leaders should be the ones to take action. I can't say anything about that. After all, I am a government official.

[Background]

He was born on 24 October 1912 in Patburi. He is the son of Phraya Lekwanitthammawithak and Lady Wat. After completing secondary school at Saint Gabriel School, he went to England and earned a degree in mechanical engineering.

The military career of Maj Gen Chatchaloem is very interesting. Even though he did not attend Chulachomklao Royal Military Academy, he has been able to rise

through the ranks by virtue of his knowledge and skills. His military career can be summarized as follows:

In 1958 he served with the 4th Cavalry Battalion. Following that, he was assigned to the 5th (Independent) Tank Company, Armored Training Unit, Saraburi. Later, he served as the commander of this tank company. After serving as the commander of the 5th Tank Company, he attended the Army Command and General Staff College as a member of Class 44. Following that, he was assigned to the Cavalry Division. On 15 March 1969 he was appointed operations chief of the Cavalry Division. He then served as deputy chief of staff of the SEATO Training Command at Bang Rachan.

He was then assigned to the Directorate of Operations. He served at the Army Operations Center and was appointed head of the operations division on 1 November 1977. He established a thahan phran irregular special affairs unit, which led to the formation of the TPI in 1982. After serving as head of the operations division, he served as a special operations officer. Today, he serves as the commander of the TPI.

11943

CSO: 4207/287

## EMBEZZLERS AT 'CAU 63' ENTERPRISE INDICTED

Ho Chi Minh City SAIGON GIAI PHONG in Vietnamese 8 May 86 p 1

[Article by Minh Nam-Dinh Chi: "About Violations at Cau 63 Enterprise; Authorities Have Concluded That These Violations Relate to 3 Major Policy Issues and 12 Economic Issues; Case Being Sent to Court"]

[Text] Almost 1 year has elapsed since violations and instances of harassing workers, abusing power, embezzling state property, and deliberately misapplying procedures and policies by some leading cadres at the Cau 63 Enterprise under the jurisdiction of the Union of Enterprises for Communications in Zone VI (Union VI) were made public. Readers have sent letters to SAIGON GIAI PHONG taking offense at the failure of Union VI, the superior organ directly held responsible for Cau 63 Enterprise, to solve the matter thoroughly, thus causing unnecessary delays.

At the meeting held on 24 April 1986, Truong Kim Thong, acting director of Union VI, announced the results of its investigation into the Cau 63 Enterprise. Offenses brought to light by the masses, he said, did occur at the enterprise--3 against policies and procedures and 12 against the economy. The committee on livelihood at the Cau 63 Enterprise has not complied with the principles of financial accounting, doing things the wrong way and making procedural errors (in 46 percent of the cases, for instance, a husband signed official papers to deliver merchandise or money to his wife.)

In light of the report of the Union VI acting director, violations at the Cau 63 Enterprise were strikingly evident and tangible, directly involving Nguyen Kien, director; Mai Xuan Dua, presently assistant director; Phan Thi Thuong, the director's wife and a cadre with the committee on livelihood; and some people in the board of directors and party executive committee of the enterprise. As direct superior organs, the board of directors, the party executive committee, and the trade union of Union VI were authorized to solve the matter promptly and prosecute offenders. Representatives of the organs of authority have agreed that evidence furnished by Union VI was so conclusive that Director Nguyen Kien should be dismissed--or at least suspended--from office; however, the acting director of Union VI explained: "We must wait for the ministry's instructions." But Vice Minister Doan Xe, on behalf of the Ministry of Communications and Transportation, had no comment.

A representative of the municipal people's organ of control stated that those involved in the Cau 63 Enterprise case have committed criminal offenses. It is worth paying attention to the attempt to use counterfeit documents to buy and sell 31 tons of steel illegally, causing the loss of 72,500 dong, and to another attempt to falsify receipts in order to misappropriate 59,500 dong--one of these receipts carried the signatures of both Director Nguyen Kien and his wife. The prosecution bureau of the municipal people's organ of control and other responsible organs, on the basis of clear evidence already collected, are taking action against the offenders in accordance with current law.

9213/12899

CSO: 4209/621

## LEADERS GREET CUBA'S CASTRO ON BIRTHDAY

BK131706 Hanoi Domestic Service in Vietnamese 1430 GMT 12 Aug 86

[Text] Today, 12 August, Comrade Truong Chinh, general secretary of the CPV Central Committee and chairman of the SRV Council of State, Comrade Pham Van Dong, chairman of the SRV Council of Ministers; and Comrade Nguyen Huu Tho, chairman of the SRV National Assembly; sent Comrade Fidel Castro Ruz, first secretary of the Communist Party of Cuba Central Committee, president of the Republic of Cuba's Councils of State and Ministers, the following message of greetings:

On the occasion of your 60th birthday, comrade--an outstanding leader of the Cuban party, state, and people; an eminent activist of the international communist and workers movement and of the national liberation and Nonaligned Movements; and a great and close friend of the Vietnamese people--we convey to you our warmest and best fraternal greetings.

Your successful revolutionary undertaking over the past 30 years and more is an example of an indomitable communist and an outstanding internationalist fighter who is inseparable from the most glorious stages of development of the Cuban revolution and from the birth and extraordinary growth of the first socialist state in the Western Hemisphere. As the leader of the Cuban party and state, comrade, you have, with great energy and marvelous dynamism, fought and worked tirelessly for the happiness of the Cuban people and made worthy contributions to strengthening the might of the socialist community, to the victory of the anticolonialist and anti-imperialist struggle, to the consolidation and development of solidarity and friendship among all nations, and to the cause of peace.

The Vietnamese communists and people highly appreciate these extremely important contributions by you, comrade. With deep love and affection for Vietnam, you, together with the party, state, and all the people of fraternal Cuba, have always provided the Vietnamese revolution with wholehearted, great, and effective support and assistance. Every citizen of our country forever bears deeply in his heart your statement imbued with proletarian internationalism and the Cuban character: For Vietnam, we are ready to offer even our blood.

On the occasion of this memorable anniversary, once again, we convey to you, comrade, our best greetings. May you enjoy good health to continue leading the Cuban people to move forward and win new, brilliant successes in the undertaking to build and defend the socialist fatherland of Cuba, thus making worthy contributions to the world peoples' cause of revolution and peace.

Our communist salutations.

/8309

CSO: 4299/770



## BRIEFS

**CASTRO'S WORK PUBLISHED**--Hanoi VNA 11 Aug--The Su That (truth) publishing house in Hanoi has published a brochure entitled "The World Economic and Social Crisis" by Fidel Castro, first secretary of the Cuban Communist Party Central Committee, president of Council of State and Council of Ministers. The brochure sums up Fidel's views presented at the seventh summit of the nonaligned movement in New Delhi in 1983 (Cuba was chairman of NAM from 1979 to 1983). The publication of his work is occasioned by the coming eighth summit of the nonaligned countries in Harare (Zimbabwe) and the 60th birthday of Fidel Castro. /Text/ /Hanoi VAN in English 1512 GMT 11 Aug 86 OW/ 12228

**CUBA'S CASTRO HONORED**--Hanoi VNA 12 Aug--State Council President Truong Chinh has signed a decision conferring the Ho Chi Minh order on Fidel Castro Ruz, first secretary of the Communist Party of Cuba Central Committee, president of the State Council and chairman of the Council of Ministers, for his many outstanding contributions to the consolidation and strengthening of the fraternal friendship, militant solidarity and comprehensive cooperation between Cuba and Vietnam. President Truong Chinh, chairman of the Council of Ministers Phan Van Dong, and chairman of the National Assembly Nguyen Huu Tho, have sent a joint message of greetings to the Cuban leader on the occasion of his 60th birthday. The message described Fidel Castro as "an indomitable communist and an outstanding internationalist" who "has fought and tirelessly worked for the happiness of the Cuban people, and has made worthy contributions to strengthening the socialist community, to the victory of the anticolonialist and anti-imperialist struggle, and to the consolidation and development of the solidarity and friendship among all nations and for the cause of peace." On the occasion of the recent publication in Vietnamese of Fidel Castro's work entitled "Economic and Social Crisis of the World," Phan Thanh, director of the Su That (truth) publishing house, went to the Cuban Embassy in Vietnam and asked the embassy to convey a copy of the book to President Fidel Castro as a gift on the occasion of his 60th birthday. /Text/ /Hanoi VNA in English 1537 GMT 12 Aug 86 OW/ 12228

CSO: 4000/1318

## CORRUPT TAX BUREAU CHIEF IN HO CHI MINH CITY DENOUNCED

Ho Chi Minh City SAIGON GIAI PHONG in Vietnamese 8 May 86

[Article by Nguyen Sy Nhan: "Tax Bureau Chief of Sixth Precinct Misapplies Policies, Protects Negative Elements, Harasses and Oppresses Whistleblowers"]

[Text] Editor's note--The column "Contribution of Ideas to the CPV Congress" in this issue is reserved for the following letter written by Nguyen Sy Nhan. The issue raised by Nhan involves the effort to fight negativism and build the organization and new man in an organ directly related to money and merchandise and also to the people. This is an issue to which we must pay attention in building clean, stable, and strong party and state organizations. We suggest that party committee echelons and the people's committee of the Sixth Precinct and the municipal tax branch promptly investigate, assess, and solve the matter.

I am Nguyen Sy Nhan, born 1949, now working as real estate tax collector at the tax bureau of the Sixth Precinct.

As a reader of your current critique in SAIGON GIAI PHONG to serve party building, I submit this report to you, recounting what has taken place at the Sixth Precinct tax bureau--the subject of denunciatory petitions which I have sent to many organs but which still remain unsolved. The matter concerns Mr Nguyen Van Ty, currently head of the Sixth Precinct tax bureau, whom I accuse of misapplying party and state policies, protecting negative elements, and harassing and oppressing the masses.

In September 1982, the Sixth Precinct people's committee appointed me tax station chief at the Truong Tan Bus station. When I assumed my duties at the station located at 44 Truong Tan Bus Street (Sixth Precinct), my predecessor had nothing to pass on to me except a stock of chemical fertilizer, insecticide, loose tobacco stored in the back of the station and with no corroborating tax records. A subsequent random inventory of two cupboards belonging to Ms Dao Thi Bach Tuyet, accountant, and Ms Tran Ngoc Cuc, cashier, yielded 32 items of artistic handicrafts and Western medicines. Further investigation indicated that these goods were seized from private merchants by tax personnel and kept there, but that no records were ever made. This seriously violated regulations on industrial and commercial taxes stipulating that confiscations must be recorded and must never be kept aside for collective or

personal use. I reported these negative cases to Mr Ty, who, instead of investigating and prosecuting the offenders, ordered that these goods be recorded as "merchandise from unidentified owners" and sent to the precinct market management bureau to be destroyed.

As station chief, I repeatedly reminded personnel of the need to protect socialist property properly; nevertheless, due to entrenched negativism, violations continued to occur. For instance, Tran Ngoc Cuc, the cashier, and Dan Thi Bach Tuyet, the accountant, using tax money for unknown purposes, put off remitting 74,000 dong to the treasury for an entire month. This ran counter to regulations, since tax collections must be remitted within the same day. I went to the tax bureau to inform bureau chief Nguyen Van Ty about the matter. Rather than investigate and prosecute violators, he said in a bureaucratic manner: "This has never happened; receipts are recorded every day and everything is fine." Then he showed me account books attesting to his claim. At that moment, I realized that the Truong Tan Bau station accountant and cashier had colluded with Ms Vo Tuyet Mai, the tax bureau cashier, to defer remittances. Since the way in which Mr Ty handled the case inspired no confidence, I decided to submit a written report to the municipal industrial and commercial tax branch. Later, Mr Ty summoned me to his office, accused me of reporting "over his head," and forced me to write a self-critique as an act of contrition.

Upon receipt of my report, in January 1984, the municipal industrial and commercial tax branch sent Phan Dinh Anh of its control bureau and other staff members to the Sixth Precinct tax bureau for an inspection. After examining documents and invoices, the controllers concluded that the Truong Tan Bau tax station made 94 delayed payments to the treasury totaling 6.6 million dong (old dong) and misappropriated 7,000 dong. Mr Nguyen Van Ty deliberately hampered the inspection process and harassed Comrade Anh, compelling his group to withdraw.

Aware that he could not protect negative occurrences at the Truong Tan Bau tax station, on 23 March 1984 Mr Ty took it upon himself to invite the tax branch to control anew. In fact, there was nothing left at the station for control because all documentary proof was kept by the precinct tax bureau and municipal tax branch. No members of the Anh group took part in the new control delegation, with Mr Luong, control cadre at the tax branch, as its chief and--surprisingly--Ms Mai, precinct tax bureau accountant, whom I denounced, as deputy chief.

The inspection results were different--the amount of delayed tax remittances went down from 6.6 million to 4.4 million dong, and the embezzled sum was estimated at 7,000 dong.

But the delegation's report signaled a reversal, taking me to task with such accusatory expressions as "causing a loss of internal unity."

Capitalizing on Mr Luong's report, Mr Ty compelled me to write a self-critique. Each day, I had to go to the auditorium of the precinct tax bureau to do just that. However, I wrote that I was not guilty. Considering

my self-critique "inadequate," Mr Ty ordered me to admit that I was guilty. Mr Ty tortured me that way for 20 days in a row, 8 hours a day. All in all, I wrote 40 big-format pages before being instructed to stop. Then Mr Ty signed an "internal transfer" memo, demoting me from tax station chief to real estate tax collector.

While working at the tax station, I discovered that some negative-minded tax cadres and civil servants acted as informants for Mr Ty, resulting in cronies being exculpated and protected and whistleblowers being harassed.

At the Sixth Precinct tax bureau there was no justice. Cronies received slight penalties while others were severely punished for the same offenses. For instance, of seven ward tax collectors found guilty of embezzling tax money, Mr Ty forced only two to resign (although the misappropriations were not substantial) while allowing the rest to stay on. He also forced personnel to resign in violation of the law (for instance, Ms Ngoc, who was later reinstated) and employed those who had no household registration papers (for instance, Nguyen Huu Khoi, an employee). Mr Ty has had extramarital relations with several female employees, offending many people in the organ. He has also used public funds in an extremely wasteful way. Recently, on 10 April 1986, the precinct tax bureau spent more than 20,000 dong (new dong) to organize festivities with representatives from a brotherly tax bureau in Hau Giang Province.

Since 1983, when I began denouncing negative elements in the Sixth Precinct tax bureau, Mr Nguyen Van Ty has continuously harassed me in various ways:

- He denied me the title of progressive laborer for the first 6 months of 1983 although I was then collectively chosen by the installation through discussion.
- Although I was secretary of the tax bureau trade union in charge of emulation, I was prevented by Mr Ty from taking part in the council to assess emulation achievements on the ground that I caused a "loss of internal unity."
- At the beginning of 1985, I asked for leave to attend a brother's wedding, but my request, initially approved by the tax bureau deputy chief, was rejected by Mr Ty.
- Since 1978, my salary was raised only once, from 56 dong to 64 dong.
- My status as party member aspirant was revoked without my knowledge (although I have been eligible since 1980, when my curriculum vitae was cleared by the party).
- In 1985, only leading personnel, for instance, unit chiefs, were invited to meetings to contribute ideas to party building; nevertheless, those making straightforward comments, or opposing Mr Ty's views, were accused by him of "lacking a constructive spirit."

In past years, I have sent petitions denouncing Mr Ty and baring negative phenomena at the Sixth Precinct tax bureau to nearly 20 organs. These agencies have promised to solve the matter, or have acknowledged receipt of my petitions, but nothing has happened. How can we eliminate negativism if at the Sixth Precinct tax bureau negative elements continue to be protected and promoted while honest people courageously battling negativism are harassed? Those throwing in the sponge and attending to the unit chief's desires, one way or the other, are pampered while those eager to lead a clean life are wrongly accused of "causing a loss of internal unity." I can never "make common cause with" negative elements although I know that if I capitulate I will be supported and promoted by Mr Ty, instead of being demoted to the lowest job at the tax bureau--my job at present.

With this report to SAIGON GIAI PHONG, I hope that public opinion and the organs of authority will throw light on what has taken place at the Sixth Precinct tax bureau.

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## ECONOMIC RESULTS OF VIETNAM'S 3D 5-YEAR PLAN SUMMED UP

Moscow EKONOMICHESKAYA GAZETA in Russian No 28, Jul 86 p 20

[Article by O. Vladimirskiy under the rubric "In the Countries of Socialism": "The Working Rhythm of Socialist Vietnam"]

[Text] On 2 July 1976 the National Assembly of Unified Vietnam legislatively consolidated the reunification of the country and proclaimed the birth of the Socialist Republic of Vietnam.

Noting this glorious anniversary, the Vietnamese people are summing up the results of the path traversed during the past decade. It was a period of persistent work to implement the policy of the Communist Party of Vietnam for building socialism, and for accomplishing three revolutions: in production relations, science and technology, and culture.

During this period, mainly during the course of the 3d Five-Year Plan (1981-1985), notable progress has been achieved in solving the socio-economic tasks of the transitional period, and most of all of increasing material production. In accordance with the decisions of the 5th Congress of the Communist Party of Vietnam (March 1982) the main forces and resources during the last five-year plan were concentrated on stabilizing and gradually improving the standard of living of the population, building the material and technological base of socialism, completing socialist transformations in the southern provinces of the country, improving socialist production relations in the north and their development in the south, and strengthening the defense capability of the republic.

The plan targets were accomplished under conditions in which the economic decline of 1979-1980 was still having its effect, having exacerbated disproportions in the economy and affected the standard of living of the population. Although it was not possible to overcome the difficulties completely, nevertheless, obvious positive advances were noted in the development of the economy.

Production of some types of products increased substantially. Thus, electric power output, cement production, the fish catch, and production of sugar, fabric and paper increased 1.5-2 fold. Overall export volume was twice the level of the 2d Five-Year Plan.

Table

	Average Annual Increase (%)	
	2d FYP (1976-1980)	3d FYP (1981-1985)
Main Indices of SRV Economic Development		
Produced national income	2.5	6.8
Gross industrial production	2.5	13.6
Gross agricultural production	3.6	4.9
Volume of capital investments	9.7	8.4

The greatest successes were achieved in agriculture, most of all in an increase in food crops. Their production in rice equivalents increased for the five-year plan from 14.2 to 18.2 million tons. As a result, despite the extremely high population growth rate (2.3 percent), per capita food production increased from 268 kg in 1980 to approximately 306 kg in 1985. Thus, a confident step forward was made in solving the food problem, which is considered in Vietnam to be key on both the economic and political planes. This made it possible to reduce substantially imports of grain and flour.

Industry also concluded the five-year plan with positive results, especially enterprises in the state and cooperative sectors. Production growth rates in these enterprises during 1981-1985 averaged 16.4 percent. To a definite extent this development is associated with improved supply of industry with electric power, which increased from 3.7 to 5.1 billion kilowatt hours. This stemmed mainly from the placing in operation of three energy units of 110,000 kilowatts each at the Falay TES [thermal electric power plant], built with technical assistance from the Soviet Union.

In parallel with the development of material production, measures were implemented aimed at completing the rural transformations in the southern part of the republic. In 1980, only approximately 50 percent of peasant families were included there in various forms of collective labor, and joint management was being carried out on 36 percent of the land under cultivation. In 1985, 87 percent of rural workers were already included in production brigades and agriculture cooperatives, and 85 percent of land areas were being cultivated jointly.

The socialist sector began to dominate not only in industry and transport, but also in agriculture in Vietnam. Its share in produced national income grew from 52 percent in 1980 to 56 percent by the end of the five-year plan. Strengthening the positions of the socialist sector in the sphere of production expanded opportunities for the continuation of "socialization in work," gave greater scope to the impact of the economic laws of socialism and made it possible to strengthen the balanced development of the economy.

The Communist Party of Vietnam and the government of the republic undertook energetic efforts to improve management and planning, use commodity-monetary relations more flexibly and increase the role of economic levers and incentives (prices, wages and profits). A new procedure for developing plans in industrial enterprises was introduced, which strengthened the cost accounting bases in the activity of the basic industrial element and its independence.

In agriculture, the system of wages according to end products, expressed in the large scale introduction of "family contracting" (See EKONOMICHESKAYA GAZETA, No 6, 1986), was practiced on a large scale. It made it possible to increase the material interest of the peasants in the development of production.

Differentiation and higher agricultural, commercial and industrial taxes have been implemented, and have become a more effective regulator of the entrepreneurial activity of the private sector.

The restructuring of the economic mechanism had an overall positive influence on the development of production and improved the situation in the sphere of circulation of goods and money. At the same time, as our Vietnamese comrades noted, some undesirable phenomena have not yet been overcome. In a number of cases the interests of certain labor collectives dominated over the interest of the state; the positions of the private sector in the domestic market grew somewhat stronger; and a tendency arose toward a reduction in the real incomes of workers and employees in the state sector, and as a result of this, to the departure of qualified workers.

To eliminate the contradictions which had arisen, the 8th Plenum of the Communist Party of Vietnam Central Committee, held in June 1985, decided to carry out a comprehensive reform of prices, wages and the monetary system. Its main tasks were to make prices approximate the real value of products, and bring wages to a level which would create favorable opportunities for expanded reproduction of the work force and would provide for personal consumption in accordance with scientifically based norms. The monetary reform carried out in fall 1985, although it encountered some difficulties, helped to reduce the amount of money in circulation and to strengthen the purchasing power of the dong.

At present the Vietnamese workers are working to fulfill the plan targets of the first year of the 4th Five-Year Plan. Socialist competition has developed extensively in the country to greet worthily the 6th KPV [Communist Party of Vietnam] Congress, which is to be held at the end of this year.

The economic plan for 1986, in part, envisions increasing national income by 8.8 percent over 1985; gross industrial output by 8.8 percent and agriculture by 8.9 percent. Increases in coal extraction of 11 percent and electric power of 12 percent are planned. It is planned to increase the gross harvest of food crops to 20 million tons. A 10 percent reduction in the production costs of products is planned, based on economical expenditure of raw materials, materials, fuel and labor resources. Exports are to increase 14 percent.

Active work is continuing to introduce material incentives and economic levers in order to realize these tasks. Local resources are being mobilized to a greater extent than before and the capability of all economic structures is being used, including even small-scale trade.

The management system is being adapted to the specific conditions of the transitional period and to the special features of an insufficiently developed economy. Modernizing the economic mechanism remains an important means of accelerating production growth rates.

The KPV Central Committee emphasizes that reserves existing in the economy are thus far being far from fully utilized. The party points, in particular, to the need for further improvement in the productivity of social labor, including by fuller use of existing capacities in industry, and bringing into production additional resources -- work force, undeveloped lands, minerals. Such problems as all-round expansion of export and limiting the sphere of activity of the non-organized market continue to be pressing.

Vietnam is using its domestic developmental opportunities ever more fully. At the same time, it relies on extensive, all-round and effective assistance from the Soviet Union and the other fraternal socialist countries. The amounts and types of goods delivered to Vietnam by the socialist countries, and the facilities which are being built in Vietnam with their technical assistance, are being optimized more and more to the nature of the tasks which the republic is solving today. Cooperation with the socialist countries, notes the Vietnamese leadership, is an important, decisive factor in the socialist construction and economic development of the republic.

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## VNA REPORTS PROVINCIAL AGRICULTURAL NEWS BRIEF

OW120819 Hanoi VNA in English 0710 GMT 12 Aug 86

/Article: "Agriculture in Brief"/

/Text/ Hanoi VNA 12 Aug--State-owned lumber camps in the northern border province of Ha Tuyen in the past 6 months felled more than 17,800 cubic metres of timber and more than 6,500 tons of bamboo, a twofold increase over the same period last year.

Tung trees are being put under large-scale cultivation in Ha son Binh Province, southwest of Hanoi, each year, the province plants tung trees on some 3,000 additional hectares. In the first half of 1986, it planted the tree on 7,000 hectares, meeting its quota for the whole year.

The central highlands province of Lam Dong in the first 6 months of this year reclaimed more than 2,700 ha of land, or an increase of 57 percent over the same period last year.

By the middle of July, the central coastal province of Nghia Binh had netted nearly 36,000 tons of marine products and produced 200 tons of frozen seafood for export, up respectively by 9 percent and 38 percent over the same period of 1985.

The cattle and buffalo herd at the new economic zone of Hanoi in the central highlands province of Lam Dong now has 1,300 head, 31 percent bigger than the same period last year.

Tan Phu district in Dong Nai Province, northeast of Ho Chi Minh City, has the biggest soya bean area in the country. Each year, the district puts from 7,000 to 10,000 ha under two crops of soya bean with an average yield of from 1.2 to 1.5 ton per ha. Its total annual output now reaches more than 20,000 tons.

The Mekong Delta province of Cuu Long has over the past 7 months netted more than 18,000 tons of marine products. Its seafood production in last July alone was 5,100 tons.

Up to now, the Mekong Delta province of Tien Giang has marked off 50,000 ha for high-yield rice, or half of the province's rice acreage. Forty thousand



ha of this amount are put under intensive farming, yielding 10 tons per ha a year. In 1985, the provinces food production doubled that of 1976 (813,570 tons compared with 370,000 tons). Its average food production per head of population has reached 580 kg per year, almost double the national average.

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CS0: 4000/1318

## UNFAIR DISTRIBUTION AT COAL MINES SCORED

Hanoi DAI DOAN KET in Vietnamese 4 Jun 86 p 1

[Article by Dang Phong: "From the Coal Mines"]

[Text] I had many opportunities to work recently in several organizations of the coal sector. What struck me was the fact that the workers who were directly involved in producing coal, particularly those working in underground mines and who did the most strenuous work, still experienced harsh living conditions. Whenever we hear complaints about living conditions, we use to refer to the C+V+M theory to explain that a person with a low output cannot afford high living conditions. But let's go into an underground mine and observe workers diligently digging for coal 8 hours a day, or, let's observe female workers taking their children to child care homes at 4:00 or 5:00 a.m. in order to catch the bus to go to the mine on time; or people having lunch, and inquire about their dinner; we cannot help asking ourselves: "Is the V [productivity] part of the worker just that?", or, "Are those workers of the low productivity category, and, do those who enjoy copious meals and nice clothes and can afford cars and television and radio sets, have high labor output?"

On another occasion, on a visit at a certain mine, I happened to notice some "abnormal" situations: there was no special treat, no banquets, no beer, no cigarettes... The visitor had to go to the collective refectory, sign up, and pay for the meal like anybody else...

In that mine, it was standard operating procedure that every month, the director set aside one day to see the workers, and every quarter, he had to come down to the work site to meet his workers. The workers were encouraged to submit their comments which were quite numerous and touched a wide variety of problems, one of which was frequently voiced: Distribution has to be just.

In many a worker's eye, the situation has been viewed as follows: Being direct workers, we obviously know that we live on what we produce. At present, each of us can only produce 100 tons of coal a year, and therefore, we cannot receive an income as high as another worker somewhere else who can produce from 1,000 to 2,000 tons a year. At any rate, the question that we would like to ask comrade director is this: "For a ton of coal produced, how much is our labor worth, and are the benefits we are presently

receiving commensurate with that labor?" We do understand that our country is still poor, and that since our productivity is not yet high, so should be our living standards. But why in society, there are countless individuals who do little, or worse, do not produce a thing, and yet, they enjoy a lot of amenities and can eat more than they need?

Another worker put it this way: At many places, the indirect support unit and the administrative unit in general, and the management staff in particular, absorb a lot of personnel and enjoy living standards far above those who do direct production. It is undeniable that without those units, production cannot be done. Nevertheless, do we really need that many people who take up that much income? If it is required from us to observe the motto, "Everything For Production," every level should also be required to observe the motto, "Treat the Production Workers Well." Our children do not like to follow their fathers' professional footsteps. They are instead interested in commerce, import-export, tourism... simply because distribution is still irrational and lacks justice.

Other workers went on: There is nothing wrong that an agency or enterprise entertains visitors and establishes working relationships with other organizations, and besides, it is customarily true that our people want to give the best treat to visitors. However, many agencies took advantage of this situation to organize costly receptions, banquets, and the like. Why did they not realize that since their productivity is still low, guest entertainment expenses must be proportionately limited? They ought to think that a "33" beer costs 40 dong, a filter-cigarettes package costs 35 dong, each equaling a worker's earning for 1 day, or the living expenses of a family for 1 day. How many beers are consumed in a dinner-reception? How many packages of cigarettes are offered each month to visitors? Add to that the fact that some employees take advantage of this situation to pilfer on those items. Those people would not bear in mind that they must be given what is commensurate with their production. In the final analysis, nobody pays for these expenses from their pockets, and they are charged to the enterprise's budget, or debited from the products made from our own sweat. If we can minimize those wasteful expenses, there is no doubt whatsoever that the workers' welfare will benefit. We workers are the first to welcome the decisions of the provincial people's committee prohibiting beer and liquors in official receptions, and making gift giving illegal.

The director of this mining region does not merely stop at nodding and giving lip service, even with a broken heart. He has a good leadership group possessing high combativity. After lengthy discussion sessions with his group, he decided to improve his method of internal distribution. Obviously, to eliminate injustices in certain aspects, it is inevitable to run into problems somewhere else, such as frustration from some visitors and friends, negative reactions from those whose privileges and special interests are jeopardized, particularly the breaking of the physiological habits and cravings for food and drinks. But finally, a series of corrective measures have been taken and improved in the implementation process.

A set of distribution statutes has been established. The first priority is bestowed to outstanding workers who produce the most. The second

priority goes to workers having seniority at the mine and being classified as good elements. The third priority is for workers with an indigent family or urgent needs, but they must be good workers.

The above order of priority also applies in the selection of workers' children and relatives for higher training or for working abroad.

Every decision relative to distribution and training assignment is made public for the entire mine. Everybody has the right to submit his comments and suggestions to the mine director or to the union. The mine has a people's inspection group charged with inspection and review of grievances and complaints.

All goods, including those used by the management element for visitor entertainment or meetings, are stored at the material supply warehouse. No unit can have a special storage room, and no unit has the right to request an allocation without due purpose. No one should take advantage of visitor entertainment or of meetings to request unjustifiable items.

For visitor entertainment, certain rules apply as mentioned earlier, which eliminates situations where the few guests are greatly outnumbered by in-house free loaders.

In mid-March, before a convention of workers and employees for signing the 1986 production contract, the union secretary made a detailed, public account of goods allotted by higher authorities and on how and to whom those goods were distributed, and a report on community welfare facilities and plans to use them. The director stated before the convention that by reducing to the minimum irrational expenses, there resulted a substantial saving of money that went to the enterprise's fund for the construction of a child care home and a four-storied community residential complex for workers. The former was completed and the latter will be completed in the next 2 years.

The director, nevertheless, put it bluntly: He could treat his workers in a straightforward manner without holding back anything from them, but that was only within the scope of his authority. He was still unable to show them clearly that out of the total value of their output, how much goes to the part called V part by economists, and who gets what, including details for each stage of production, the direct production element, and the intermediary elements... He voiced a legitimate request: that agencies he has to come to contact be straightforward with him the way he is with his workers.

He could not answer certain questions, such as:

In all of 1985, the mine exceeded the plan by over 10,000 tons of coal. According to current regulations, the enterprise has the right to get 20 percent of that excess and consequently, his workers have the right to claim the bonus from him. But he did not know where to submit a request to this effect, and whom that request should be addressed to, in order to satisfy the workers' grievance.

In 1985, workers and employees produced several thousands of loosely-picked coal. From higher authorities, the mine has received a certain amount of noodles and meats which were valued at 20 to 30 percent of the extra coal produced. He would like to know whether or not this percentage is the official allocation ratio.

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CSO: 4209/661



## BRIEFS

SAIGON PORT LOADING METHOD--Hanoi VNA 11 Aug--A system of pipelines has been put into operation for the first time at the Saigon Port to load 1,000 tons of groundnut oil onto the Japanese freighter Shoun Maru No 8. The pipelines, tanks and pumping machines have been newly installed at Saigon Port. /Text/  
/Hanoi VNA in English 1459 GMT 11 Aug 86 OW/ 12228

CSO: 4000/1318

## BRIEFS

INDUSTRIAL ACCOMPLISHMENTS NOTED--Hanoi VNA 12 Aug--The Union of Canned Foods Factories No 1 has since early this year processed more than 3,630 tons of foods for export, up 16 percent over the same period last year. This year the enterprise plans to produce 7,900 tons of tinned foods for export. Vietnam's textile industry now has 26 centrally-run mills, 6 locally-run enterprises, and hundreds of cooperatives. Annually it can turn out 90,000 tons of fibre and weave 400 million metres of fabrics. Many of its products have been exported. In the first 7 months of this year, enterprises under the communications and transport service of Ho Chi Minh City conducted major repair and maintenance works for nearly 300 trucks and cars and made hundreds of tons of spare parts. Pottery and wickerwork enterprises of Dong Nai Province, north of Ho Chi Minh City, in the first half of this year test-produced 80 new items including 14 for export. Since early this year, the cement factory of the central Vietnam province of Quang Nam-Da Nang has produced 2,300 tons of cement and more than 700 tons of white cement, up by 20-35 percent over the corresponding period of last year. /Text/ /Hanoi VNA in English 1528 GMT 12 Aug 86 OW/ 12228

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